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OTTAWA, 1956

HOUSE OF COMMONS

Saturday, July 28, 1956

The house met at eleven o'clock.

EXTERNAL AFFAIRS

EGYPT—CANADIAN POSITION RESPECTING SEIZURE OF SUEZ CANAL

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask the Secretary of State for External Affairs if he is prepared to make a statement on the situation in relation to the Suez canal. Would he also advise whether, in view of the unprecedented and shocking conduct of the Nasser government, Canada ought not to join with Britain in condemnation of what has taken place there in a perversion of international contracts, and also indicate to Britain and the other nations Canada's agreement with the stand which they are taking to meet this situation?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the violation by the government of Egypt of an international convention governing the use of an international waterway so important as the Suez canal is, of course, to be condemned. Possibly it should be recalled at this time that the convention in question attempted to safeguard the free use of the waterway in war and in peace. In that sense, the convention was already violated by the Egyptian government when Israeli vessels were prevented from using the canal.

We are exchanging views with governments probably more directly concerned with this matter than the Canadian government because of their association with the Suez Canal Company. I think it would be premature for me to make any statement beyond that at this time, except possibly to repeat what I said yesterday in answer to queries from the press as to whether Canada had any interest in this matter. In reply to those queries I said that while Canada had no share in the ownership of the Suez Canal Company, nevertheless as a trading nation, and for other reasons I might add, we have a very real interest in the efficient and non-discriminatory operation of this waterway which is of such great and historic importance, both in peace and in war. I added that we would regret, and be concerned about, any action which interfered with such operation.

Mr. Diefenbaker: Might I just add a supplementary question? Does not the minister consider that Canada, as a member of the British commonwealth, should have something to say on a matter that particularly affects the members of the commonwealth, Britain, Australia and New Zealand particularly, to indicate a degree of unity in regard to this matter?

Mr. Pearson: Mr. Speaker, we have already had something to say on the matter, as I have indicated. And I should add that our High Commissioner in London, since the announcement of Egyptian action, had discussions in London with the secretary of state for commonwealth relations, with the foreign secretary and with the Prime Minister of the United Kingdom with a view, not only to ascertaining what United Kingdom policy is in this matter—and they are more directly concerned than we are because of their share in the ownership of the Suez Canal Company—but also to doing what we can to concert our attitude and policy with other commonwealth countries on this matter.

Mr. Howard C. Green (Vancouver-Quadra): May I ask the Secretary of State for External Affairs a supplementary question? A report in the Ottawa *Journal* last night indicated he had made a statement to that paper that Canada would be making no representations on the Egyptian nationalization of the Suez canal. I would like to know from the minister whether that statement is correct, and if so whether he does not think that, because this question is of such vital importance to the United Kingdom, Australia, New Zealand, South Africa and probably India and Pakistan as well, and France, and because of the position being taken by the United States beside those countries, Canada, too, should stand beside them and let the whole world know that she does?

Mr. Pearson: Mr. Speaker, I think what I said yesterday to the press, certainly what I intended to say, was that we had not made any formal representations at that time to the Egyptian government. What we may or may not do in the future remains to be determined; but I believe also that the only governments that have made such formal representations at this time are the governments of the United Kingdom and of France, which have a very special interest through

ownership of the Suez Canal Company and in other ways. I do not think at the moment that any other state, including the United States, has made such formal representations. Certain states, Canada is one of them, are consulting together to see what action, if any, should be taken by them collectively on this matter.

Mr. Green: Why should the Canadian government not make known today that Canada stands beside the United Kingdom and France in this trouble?

Mr. Alistair Stewart (Winnipeg North): Amongst the views which are being exchanged with the United Kingdom, will the minister, on behalf of the government, stress to the United Kingdom the importance of using the good offices of the United Nations in an attempt to solve this problem?

Mr. Pearson: Mr. Speaker, our High Commissioner in London has already stressed that aspect of the question in his talks with the United Kingdom government.

NATIONAL PARKS

BANFF—REPORTED EXCESSIVE OILING OF HIGHWAY

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to direct a question to the Minister of Public Works or to the Minister of Northern Affairs and National Resources, whichever one has jurisdiction. It has to do with the No. 1 trans-Canada highway in Banff national park. I have had complaints about the authorities there oiling that portion of the road from Anthracite hill into Banff. They tell me it is just a sea of oil and that the tourists are greatly perturbed, and so is everyone else, because of the effect it has not only on their cars but on their clothing as well. The same thing happened before during the tourist season, and the minister took action in that regard. Surely it should not be allowed to continue at this time. I wish the minister would make some remarks about it.

Hon. Robert H. Winters (Minister of Public Works): I shall look into it, Mr. Speaker.

BRIDGES

BURLINGTON, ONT.—INQUIRY AS TO CHARGING OF TOLLS

On the orders of the day:

Mr. R. E. Reinke (Hamilton South): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Can the minister tell the house whether there have been any further developments regarding a decision of the Ontario government to charge tolls on the Burlington skyway bridge, and its effect on the federal government's participation in the cost of that project?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I do not know whether the provincial government has decided to charge tolls on the structure, but I believe they do propose to construct it by themselves without federal government financial participation. There was a discussion yesterday in Toronto among the mayor of Hamilton, Mr. Jackson, Mr. Frost, Mr. Allan, the minister of highways, and myself. We discussed some of the aspects of this bridge as they apply to present and long-term civic planning. As far as I know, however, it is the intention of the provincial government to build the structure by themselves.

COMBINES INVESTIGATION ACT

BEER—ACTION TO BE TAKEN CONCERNING ALLEGED COMBINE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Justice. Has the government yet received from counsel any recommendation concerning the report of an alleged combine in the manufacture, sale and distribution of beer in Canada?

Hon. Stuart S. Garson (Minister of Justice): Not as yet.

HOUSING

PRINCE ALBERT, SASK.—INQUIRY AS TO RELAXATION OF MORTGAGE REGULATIONS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to redirect a question to the Minister of Public Works with reference to a complaint from the mayor of Prince Albert with regard to present mortgage regulations. Has the minister received that complaint and what is the attitude of the government with regard to a relaxation of the present regulations to the end that the detrimental effect upon house building across this country will be resolved to a great extent?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I did receive a letter, which I believe was dated July 20, and it has been replied to. No restrictions have been placed upon housing by Central Mortgage and Housing Corporation. The fact is

that earlier this year we increased the interest rate in an effort to encourage a greater flow of mortgage money into housing and it is expected the result will be a good housing program in Canada this year.

INQUIRY AS TO REDEVELOPMENT IN MONTREAL

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I have a question for the Minister of Public Works. Has the minister received a copy of an order in council recently passed by the Quebec government and printed in the *Gazette* this morning and, if so, will that be sufficient to enable the federal government to complete its arrangements and make advances to Montreal for a slum clearance and housing project there?

Hon. Robert H. Winters (Minister of Public Works): I did receive a copy of the order in council. The situation is as I stated a few days ago. The premier of Quebec stated that in principle his government had no objection to entering into an agreement with the federal government for a slum clearance project and a subsequent re-housing project. It is now a matter for the civic authorities to come to an agreement with the provincial authorities and I presume steps are being taken to that end. I expect that in due course we shall have a proposal put before us coming through the appropriate channels.

Mr. Hamilton (Notre Dame de Grace): A supplementary question. Does the minister feel that complete agreement has now been reached and the necessary authorization given by the province in order to permit action by the province and the federal government?

Mr. Winters: No agreement has been reached. All I have so far is an indication of intention to sign an agreement.

VETERANS AFFAIRS

COLONEL BELCHER HOSPITAL, CALGARY—STATEMENT ON BOARD OF INQUIRY

On the orders of the day:

Mr. C. E. Bennett (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, yesterday the hon. member for Bow River asked for an explanation regarding the composition of the board of inquiry promised by the Minister of Veterans Affairs (Mr. Lapointe) in answer to a question asked by the hon. member for Bow River on Tuesday last. The board set up by the minister is a fact-finding body only which will report the facts to the minister. The minister did use the words "independent board of inquiry" as reported in *Hansard* for Tuesday, July 24, but he used the word "independent" in the sense that the facts of this incident would be collected by a board to be composed of members who were not directly involved in the incident. The members of the board, all senior officials of the Department of Veterans Affairs, are as follows: Mr. W. G. Roaf, regional administrator for western Canada, Dr. J. K. Mulloy, senior treatment medical officer, Calgary district, Mr. E. M. Scott, district administrator for Edmonton district.

Mr. C. E. Johnston (Bow River): May I ask the minister a supplementary question. How can there be an impartial investigation when only those who are connected with D.V.A. are conducting the investigation? Surely they should be outside D.V.A.?

Mr. Bennett: These three officials who are collecting the facts will present them to the minister and I am quite sure that with their experience they will be able to collect all the facts.

Mr. Johnston (Bow River): They are officials of D.V.A.?

Mr. Bennett: Yes.

Mr. Johnston (Bow River): They can hardly be impartial.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Welfare branch—

Family allowances and old age security—

278. Administration, $2,693,059.

Mr. Blackmore: Mr. Chairman, when the committee adjourned last night I had been discussing a set of figures found in the report of the welfare council of Winnipeg. These figures, to be found at page 16 of that report, have to do with the amount of money which it is felt an old age pensioner ought to have in order to be able to live in Winnipeg in anything like comfort. The figures are as follows:

	Per month
Rent	$20
Food	30
Clothing	10
Church	2
Medical insurance or care	3
Memberships and hobbies	5
Transportation	4.50
Incidentals	5
Laundry	2

I had pointed out that those commodities or services are all produced in Canada and I believe that every item is produced in Manitoba. I had suggested that it is most fantastic that in a country with probably

$28 billion of production this year and with vast potentialities for the production of food, clothing, shelter and practically everything else that Canadians ordinarily use, we should not be able to allow our senior citizens a sufficient amount of that production to give them the amount of money value called for in this set of figures.

I had pointed out the fact that although members of this committee had been talking about this matter of old age pensions for some time, mostly they had complained about the conditions which prevail but had not offered any solution whatsoever to the problem. Then I pointed out that the member for Fort William at a certain point, almost in indignation, I thought, rose and asked which one of the taxes, or something to that effect, we would suggest should be increased in order that we should obtain the money that is necessary to provide the senior citizens of Canada with the standard of living that I think everybody in this house realizes and agrees they should be able to have. I suggested that it would not be necessary to increase any taxes in order to provide the services and the goods which the elderly people need.

I mentioned the "made-beaver" which the Hudson's Bay Company used. These "made-beavers" were like coins. The largest one had a value of a mature beaver skin dressed. With these tokens, and the smaller ones made by dividing them into halves and quarters, the people in those days all through the west apparently took care of all their needs for the distribution of goods.

Then I referred to the scrip system which was employed in the stores in the towns near where I grew up as a boy in southern Alberta. I thought it might be interesting to give a little attention to that local scrip as probably embodying a germ out of which a method of distribution of goods to underprivileged could be developed without adding to the regular currency circulation of the country.

There were two stores in the little community of Cardston. At that time Cardston was a village of probably 350 people, with about 150 in the neighbourhood. One of the two stores in Cardston was H. S. Allan and Company, general merchants and store, and the other was the Cardston Co-operative Mercantile Company. Each of these employed a form of scrip.

Mr. Nicholson: What year was that?

Mr. Blackmore: I would imagine around 1896-7, and they continued to employ this scrip with considerable freedom until around 1905. The member for Peace River suggests that it was probably a little later, somewhere around 1910. Then it began to be rumoured that in using the scrip they were violating the currency laws of Canada. Consequently that was probably the main reason why the use of scrip gradually was discontinued, but there were merchants in Raymond, about 40 miles from Cardston, who employed scrip, I think, a little later than that.

What was the principle in scrip as used by, we shall say—

The Chairman: Order. May I with some regret break in at that point and state to the hon. member that we are not now discussing the principle of scrip? We are discussing the principle of devoting some $2,600,000 to family allowances and old age security administration. I should appreciate it very much if the hon. member would devote his remarks to that subject.

Mr. Blackmore: Mr. Chairman, I should like to point out that technically you are entirely right but realistically you are entirely wrong. Yesterday we discussed old age pensions, and I think every member in this house would be fully agreed that we should double the old age pension. But everybody was agreed—I think including the minister—that the one thing we just could not get over was how to finance the increase. If, in discussing old age pensions, a member cannot discuss the methods of financing, we might just as well close this house up as far as finding a solution to the problem is concerned, and turn it into an afternoon social society, confessing immediately that we are just helpless and that there is no use. Why should people all over the country send a lot of people like us here to talk about problems which, even before we approach them, are admitted as being utterly unsolvable.

Mr. Martin: Mr. Chairman, I wonder if I might say this. I think we all appreciate the great care which the hon. gentleman has given to the study of this question of assistance to the aged citizens of our country. Last night I had an opportunity of discussing matters with him after he had intervened and I am more confirmed than ever of that interest. I appreciate his position in trying to find additional ways of obtaining resources to meet these obligations. However, I wonder if he would not agree that the chairman was perhaps on strong ground when he suggested that there was another place to discuss the means by which this very desirable objective could be met. I do not want to be unduly restrictive on the hon. gentleman but I think he will be assured of my belief in his interest in this subject, and I want to affirm that great concern. But there is not

at this moment an opportunity of discussing ways and means of how this financing can be adequately arranged.

Mr. Blackmore: Mr. Chairman, I have no desire whatsoever to be out of harmony but I will make this point. If somebody had suggested that in order to obtain the needed money we increase the sales tax on some commodities, it would have been looked upon as being utterly in order for us to talk about that matter for probably three or four hours.

An hon. Member: No.

Mr. Blackmore: Oh, yes. No question at all would have been raised. The point raised by the hon. member for Fort William was a matter of financing. I imagine he could have gone on dealing with that matter for 15 minutes without being called to order. While I am perfectly ready to agree with your ruling, Mr. Chairman, and to do just as you say, I contend that on this particular topic the enforcement of that rule means that we turn this parliament into an afternoon debating society absolutely helpless to deal with the problem which we are discussing. I shall therefore be obliged to leave the matter up to you. But I will go on to say that if I could have just another two or three minutes to show how that scrip worked, I do not think it would be infringing greatly. It would not take very long.

Mr. McIvor: Order.

Mr. Blackmore: If I might continue, H. S. Allan and Company would have probably had $500 worth of scrip printed by some company and he would use the units of scrip to buy butter, eggs, poultry, boots, various vegetables, various grains, firewood and all manner of things that were produced by the community, and people could go in there with that scrip and buy out of the store what things they needed, including even home-made socks, bootees, home-made clothes and all things which the community produced; and the community was able to produce a wide variety of commodities in those days because they still were able for instance to make yarn out of the raw wool and to knit that yarn into clothing and so on. So, there was relatively a very extensive field for the use of that scrip. They went on with great success. There were units of that scrip which were in circulation, I will wager, for a year and a half. People did not hesitate for a minute to take that scrip for their eggs or butter or any other commodity they turned in. People did not hesitate a minute to accept scrip in payment for articles, for labour, one to another. It functioned just as well as Canadian dollar bills.

Now, my suggestion is that an organization could be set up in every city and town of any considerable size in this country, having anything like a wide range of productive potential, which would enable old age pensioners to be paid the extra portion of their old age pension in scrip with which they could buy commodities being produced all around the area. In this way I feel positive that, having the co-operation of the dominion and provincial government, as well as the local municipalities, we could find a solution not only to the question of giving our old age pensioners what they ought to have, but also the problem of giving our blind all they need as well as all other underprivileged in the nation a chance to participate more adequately in the productive capacity of the country. There would be a much greater production of butter, fruits, vegetables and of other commodities because of the possibility of selling those commodities for scrip. Now, in substance, that is the gist of my message. Unless there is something that I have not been able to determine I will assure the house that this system can work in every province of this nation with the greatest advantage and with tremendous savings to the taxpayers of the country.

Now, that is in substance the message I wish to convey. I should like now, for just a moment, and I am sure there will be no objection on anybody's part, to list again those needs of ordinary old age pensioners as the Winnipeg council enumerated them. The first is rent, $20 a month. I am quite positive that in no city in Canada can a person obtain a room that is fit even to house swine for less than $5 per week. That is pretty well settled. A person is extremely fortunate if he can get a room for $5, heated and with light and all the other things which are necessary. Then, there is food, $30 per month. Let every hon. member in this house just contemplate what the effect upon him would be if he could spend no more than $1 a day for food. That is a very serious thing to think about, especially if he had to eat in restaurants or other public eating places. What chance would he possibly have of nourishing himself adequately on a dollar a day? Even if he engaged in light housekeeping and cooked his own food, he would have the costs of cooking to take into account, like fuel.

The next item is clothing, $10 a month. Perhaps a person could clothe himself on less than that; I do not contend about that. Then, you come to church, $2. Is there any conceivable reason why a person who has been a faithful churchgoer and who desires to contribute to the upkeep of his church,

should not go on contributing 50 cents a week merely because he has exceeded 65 years of age? Is he going to be denied the privilege of doing that all the rest of his days? I do not think anyone will say that $2 a month is excessive. Then, consider the $3 item for medical care, and bear in mind, Mr. Chairman, that when a person reaches the age of 65, frequently he needs special medicine in order to keep well. He will be very fortunate indeed if he can buy the things which he needs to keep himself well for $3 per month. For example, there is now a little pill containing vitamins. One of these preparations is called parametes; we can buy 50 of them for $3.50. If we take one of these a day it is guaranteed to give us all the vitamins which the body requires. But there is $3.50, and that is only one of the things a person should have in an age like ours. It was different before we had learned how to make such aids as these tablets, but to have a person suffering from malnutrition today because he does not have the money with which to buy the blessings resulting from the work of modern science hardly conforms with any concept of good government. I think we will all agree that $3 per month is not excessive for that item. Then, $5.00 for memberships and hobbies. Memberships in clubs—is the old age pensioner, when he reaches the age of 65, and from then on until he dies, to be denied the privilege of being in a club and paying his club dues? Is he to be denied the opportunity to buy some wood or perhaps other substances to indulge in a hobby? If we say yes, we are making ourselves very cheap.

Then, there is transportation, $4.50. With the price of transportation at the present time, $4.50 is by no means excessive. Elderly people are at the very age when they could use transportation greatly to their satisfaction, and should use it. We come then to incidentals, only $5. Shall a person who has reached the age of 65 not be able to buy birthday cards for his children, not be able to buy Christmas cards? Those are just a few of the incidentals. Should he not be able to go into an ice cream stand and buy a dish of ice cream? Well, that is what we are condemning them to on $40 a month. Now, $2 per month is allowed for laundry. I think that is not excessive.

I do not think I will repeat the items, but let every hon. member go back over them in his mind and he will find that every single item—unless it should be the parametes or something of that sort—is produced right in this country. It is Canadian made. Why should people not be given access to the goods Canadians can make in abundance in any one of the wonderful provinces of this country? I suggest in all seriousness, Mr. Chairman, to the minister that we approach this matter with a positive attitude. We are doing too much negative thinking in our country altogether. We are rationing poverty when we have no right to think in terms of poverty in this land of abundance. We should be thinking positively. I will say this in reference to what the minister said. He felt that there was another place where I might more fittingly discuss this matter of financing. I am glad the committee and the chairman have permitted me to discuss it a little bit right here. Old age security is a subject we are all deeply interested in, but it is a problem which we do not know how to solve, and which I am sure every member in this house knows must be solved unless we leave our old age pensioners by the tens of thousands all over the country in penury and suffering, in malnutrition with resulting disease and early death. That is exactly what it means.

The Chairman: I am extremely sorry to interrupt the hon. member but I am obliged to advise him that his time has expired.

Mr. Blackmore: Thank you very much, Mr. Chairman. I will come on again later.

The Chairman: Shall the resolution carry?

Mr. Holowach: Mr. Chairman, those who have taken part in this debate with respect to the senior citizens, the blind, and the handicapped people in our country have all repeatedly emphasized the need of increasing the pensions of those people, and I should like to join with them in their plea and ask that the minister reconsider the matter and give such increased pensions at this time.

A few moments ago the hon. member for Lethbridge completed his remarks, and I thought that he put across one point very well, namely, that we humans can certainly behave very strangely. Here we recognize the needs of those people and acknowledge that the time has come for parliament to consider and improve the inadequacies of benefits for those people, and yet we do absolutely nothing about it except perhaps next year when an election has to be fought. May I remind the minister that these pensions are the sole source of income and livelihood for many people in our country. How they manage to live on the pension is beyond me, and yet they must. It is unfortunate that the present administration has not been able to see its way clear to increase the pensions of those people this year, not as charity or a give-away program, but as a fulfilment of the guardianship responsibilities which we have toward those people.

We acknowledge that we have done a great deal for those people, but I think too little acknowledgment is paid to the fact that of all the segments of our society it is those people who are benefiting least from the prosperous times in which we live.

The minister has made repeated references to the impressive figures as being an indication of what we are doing for those people, but I think he has given us very little of the other side of the picture, the increased revenues of this government, the piling up of surpluses and the increased cost of living. Might I just remind the minister that in the year 1952 the Canadian population was some 14,430,000 persons, the gross national product in millions was 23,255. On a per capita basis that wealth was distributed amongst all persons in Canada to the extent of $1,615. In 1955 the Canadian population was some 15,881,000, the gross national product in millions was 26,600, which means that on a per capita basis the distribution of the wealth amounted to $1,673. I feel that the increase in wealth in this country ought to be made available by an increased pension to these people.

I think there is a great deal of significance in the tone of the debate that has been carried on with respect to those people. All members are in agreement, and I think that opinion prevails throughout our country, certainly amongst all who recognize we have a solemn responsibility toward this segment of our society. Therefore, I believe, Mr. Chairman, that the minister, having all these compelling facts in front of him, knowing the situation as he does and supported by the unanimous opinion of this house and of the country, should not be timid in insisting that those who are in opposition to an increased pension at this time reverse their opinions and make such pension increases available now.

I had no intention of taking part in this debate. This morning I received a very interesting address made by Robert B. Meyner, governor of New Jersey, which was delivered at the national conference on problems of the ageing in Washington on June 5, 1956. The theme of his address was the re-evaluation by our society of the entire concept of old age. The address is entitled, "The Rights of our Senior Citizens". I think it has a definite message and is timely at this time, and I should like to quote from it as follows:

> I am reminded of a story found in a poem about a Mr. Arrents, who was the father of seven children. Mr. Arrents worked hard all of his life to feed, clothe and educate his children. Once in a while throughout these hard-working years, Mr. Arrents would sit back and muse about that one fine day when he would be able to relax and enjoy life—to retire and, so to speak, live off his children. Time passed. The children grew up and left home. "Ah", Mr. Arrents now said to himself. "The time has come to retire. The children," he said, "are all making a good living. Now let them support me in my autumn days as I cared for them for so many years".
>
> And so, he called on each of his seven children. But from each one came the same answer: "Honestly, pop, I just can't do it."
>
> Then, Mr. Arrents turned and went back to the task of finding support for himself. As he did, Mr. Arrents was struck by the ironic thought that it seemed to be much easier for one parent to support seven children, than it was for seven children to support one parent.
>
> In a symbolic way, each of us today is one of those seven children. For like them, we have been unable, for one reason or another, to care properly for a vast army of older parents and grandparents, many of whom played a great role in caring for us. We have neglected, instead, this vast population of older people, many of whom, because of our neglect, are living lives that are isolated, lonely and useless.

Just one more matter, Mr. Chairman; I would appreciate hearing from the minister what consideration has been given to reducing the residence requirements of those citizens, who are Canadian citizens, who have reached the age of 70 years and yet are unable to qualify for a pension. What consideration has been given to reducing the residence requirements of those people? It seems to me the moment that anyone becomes a Canadian citizen he has certain definite responsibilities. The least we can do is to at least make available to them the privilege of being a Canadian citizen by reducing the residence requirements of the aged persons. Would the minister care to comment on that?

Mr. Hellyer: Mr. Chairman, I would just like to say a word on that subject if I might and ask the minister to reconsider the matter of the residence requirement. As the hon. member who just sat down said, these people come to this country and many of them make an excellent contribution to its welfare over a considerable period. Their children take on where they leave off and produce and pull their fair share of the load in making this a better and more prosperous place in which to live. Even if we cannot eliminate the residence requirement perhaps it could be reduced to 15 or 10 years in order to give these people a little additional help and comfort in their later years. Many of them have lived very deeply overseas and suffered hardship and some of them cruelty and their children often bring them here to enjoy the later years of their lives in a country where they can worship and live in freedom. I think it is a matter which is worthy of serious consideration and I urge upon the minister that he give it his kind attention in the months that lie ahead and perhaps at some future time introduce an amendment that would take care of the situation.

Mr. Patterson: Mr. Chairman, I have one question I would like to direct to the minister. This is a matter I mentioned when I spoke yesterday. Is the minister contemplating any action in response to the request for guiding allowances for the blind?

Mr. Martin: Perhaps I could now deal with these things, Mr. Chairman. I want to thank the hon. member for Lethbridge for the care which he has given to this matter as have other hon. members.

As I said yesterday, we are all interested in the matter of old age security and I feel it is a question which rightly has engaged the attention of the committee. I am proud of any particular opportunity I have had as the Minister of National Health and Welfare during the past few years to deal with this matter. This is the field in which I have been privileged in the name of the government to bring forward very substantial reforms in raising the amount and increasing the income ceiling to the point where we have doubled the pension in the period in which I have had the opportunity of serving in this department. I am not taking any credit for this; I am simply mentioning it.

We are at a point now where 43 per cent of our whole departmental budget is for the assistance we give to the aged. No country in the world is using as much of the departmental budget for its aged citizens as is Canada.

Everything that is said about the difficulties of the aged is fully appreciated, I am sure, by every hon. member of this house no matter where he sits. These grants are maintenance grants. They could not possibly provide, as no social security measure does, for the full maintenance of the group concerned; however, I can assure the house that this particular matter is receiving very active attention on my part and on the part of the department.

There are a number of things we have in mind. I do not know whether or not we will be able to bring them forward but I can assure the house there is no problem that concerns me more than this particular one. My only comfort in the matter is that we are now providing on federal account 95 per cent of the total cost of pensions in Canada, something close to $400 million for assistance to 870,000 people today as compared with about 90,000 three years ago. That represents a tremendous achievement. The house may be assured that the matter will continue to receive all the interest I can possibly give it.

With regard to guiding allowances, that is a matter which has to be taken into consideration with the provinces because it is a joint proposition. There is to be a meeting of the interprovincial board in the month of October or thereabouts when that and some other considerations we have in mind will be discussed.

Mr. Green: Mr. Chairman, may I ask the minister a question? What about the blind who are 70 years of age and over? This has nothing to do with the provinces and is purely a federal matter.

Mr. Martin: Yes, I know, but it has to be taken into consideration as it will be.

Mr. Zaplitny: The question has been raised of the review of the residence requirements for these applicants for old age pensions. I have taken the matter up with the minister privately on two or three occasions and I would like him to comment on the representations made by the hon. members for Edmonton East and Davenport.

Mr. Martin: I indicated that yesterday. The hon. member for Vancouver-Quadra raised that question last night and I indicated to him that that matter was being considered along with several other suggestions that he made. I am aware of that problem and it has to be considered along with our assistance program because the period of residence is the same for old age assistance and for old age security. In the former case, because there is provincial participation, we have to consult the provinces. We try to make these things as uniform as we can. The hon. member may be assured, as may the hon. member who raised it and the hon. member for Davenport, that it is being studied.

Item agreed to.

Civil defence—

281. To provide for the civil defence program, $7,010,018.

Mr. Pearkes: Mr. Chairman, when the estimates of this department were before the estimates committee very careful consideration was given to the items dealing with civil defence and many hours' discussion took place. We appreciated the minister's frank statements during those discussions and particularly the day when we were in camera. It is not my purpose, therefore, to speak at any great length today on this subject of civil defence.

During those discussions in the committee the members of that committee from this party made our position quite clear. We believe that reasonable steps should be taken to keep the nation informed as to the nature and the effect of damage which might be caused from the explosion of thermonuclear bombs should another global war take place and those devastating weapons be used. We

do not believe the situation is such that there should be anything done which at the present time would create any hysteria and we think the minister is adopting a cautious attitude in this respect. We consider it advisable that research should continue as to the best method which might be employed in order to limit the casualties and the damage which might be done both in the area of the bomb explosion and also in the larger area which would be affected by the fall-out.

During the discussion in this committee we noted the excellent work which had been done by members of the civil defence organization in almost every province in connection with disaster relief and the emphasis which has been placed by the co-ordinator of the civil defence and the civil defence generally concerning the training for disasters which might occur and which arise from acts of God rather than from war. We believe that work should be continued.

There does appear to be somewhat of an anomaly and perhaps the minister would devote some consideration to this matter with a view to removing it. The anomaly is in connection with the compensation that can be paid to civil defence workers.

It was pointed out during the committee's discussion that civil defence personnel if injured when carrying out training or civil defence exercises would be compensated for their injury or loss of time which might arise from it. On the other hand, however, if civil defence personnel are injured when called out to assist a province or municipal authorities in connection with some disaster which has occurred, they do not receive any compensation because they are dealing with an actual disaster rather than a civil defence exercise or training.

I pointed out at the time that service personnel, personnel from the armed services who might be working alongside the civil defence personnel, would of course receive compensation for any injury they might receive but civil defence personnel do not.

I hope it will be possible to review that situation between now and the time when the estimates are brought down at the next parliament to see if that anomaly might be removed. Otherwise we are satisfied that reasonable steps are being taken to keep the public informed and to consider what action should be taken in the event of the disaster of war being brought to this country and thermonuclear bombs falling on Canadian targets.

Mr. Herridge: Mr. Chairman, I wish to make a few brief comments on this item and I can assure the minister they will be very brief.

As he knows, I represent a district where civil defence efficiency is possibly as high as in any area of Canada owing to the co-operation of the municipalities, the industries and the employees concerned. They have been organized very effectively to serve also in the case of disaster which is an aspect of civil defence which I feel has to be emphasized in order to retain public interest over a continuing period of time.

I want to ask the minister this question. A representative from my district was down here about two weeks ago to take a course at Arnprior. He understood when he came that he was to take a course in what is called orientation, whatever that is, and also in administration. He spent a week there and took the course in orientation and then he was told that unfortunately the course in administration would be coming on later in the year and so he would have to go home.

I just bring this up because it appears to me that this is a waste of public money. This man tells me it cost about $300 to bring him from a point in Kootenay West to Arnprior to attend the course. He thought it was a very poor arrangement that would require him to go back again because an additional $300 would be required for him to return to take the course in administration. I bring this to the minister's attention because I think it is most unfortunate for those who are giving their time voluntarily to take part in this work to get the impression that money is no object with respect to the federal administration of civil defence.

Mr. Martin: Mr. Chairman, I want to make just a brief statement, but first I should like to thank the hon. member for Esquimalt-Saanich for the assistance he has given in this matter, both today and in the committee where we had a most thorough discussion. I also want to thank him very much for the tribute he paid to the civil defence co-ordinator and those under him throughout the country who are faced with a difficult problem and are doing their best in carrying out what is perhaps one of the most difficult assignments of any modern government.

Before dealing directly with one aspect about which I have indicated to the committee I would say something, I should like to say to the hon. member who has just spoken that I shall make careful note of the situation he has described. If the facts are as related by him, and undoubtedly they are—

Mr. Herridge: As given to me.

Mr. Martin:—they will certainly be corrected. I can assure my hon. friend and also the hon. member for Esquimalt-Saanich that

the question of compensation which he raised in the committee has been considered in the interval but no official decision as between treasury and the provinces has been reached.

The hon. member raised the question of evacuation a few months ago. I discussed this matter in the committee and there are certain comments I should like to make. As my hon. friend knows, these matters are discussed with NATO and with the United Kingdom. We now believe that our civil defence should be based on the development and testing of plans for the orderly evacuation of the main urban areas in our country should the possibility of attack on such areas by nuclear weapons appear to be imminent. Our military authorities have now advised us that it must be anticipated in any major war that the North American continent would be attacked with high-yield nuclear weapons with little if any warning.

Accordingly our civil defence policy must be so designed as to ensure the survival and safety of as many of our population as would be possible in the event of nuclear attack on this country.

In arriving at this decision it was necessary to take into account a number of factors such as the nature and yield of enemy weapons which could be delivered, the degree of warning to be expected, the density of population of the country, in particular the probable target areas, and finally transportation and other resources waiting for survivors.

It may be assumed that in any major war we would not likely be the scene of primary vital air battles. No doubt a number of enemy aircraft carrying nuclear weapons for delivery on targets in the United States and Canada would fail to reach their targets or be shot down over our country. We have to take all these things into consideration. Under such circumstances the bombs carried by those enemy aircraft would almost certainly be delivered against our larger cities as targets, what might be termed second choice targets, or jettisoned and detonated almost anywhere in the country.

On the other hand, we have certain advantages as compared with other countries. We have only a limited number of cities and we have wide spaces. The two problems which face us are, first, how to ensure the survival of our population in the large Canadian cities in the face of high-yield nuclear weapon attacks against them and, second, how to provide the whole population with protection against radioactive fall-out resulting from the use of nuclear weapons.

The policy of evacuation undoubtedly is a gigantic one. We are certainly—and when I say "we" I mean all of us—far from reaching the stage of perfection in the execution of its technique. But it has been advocated by the United States government, whose problems of evacuation are more difficult than ours, and by other countries, and there is now a gradual shifting of the emphasis from shelter in the direction of evacuation.

All available experience and tests show that, whilst it is difficult, it is a feasible thing to do, particularly for the smaller centres. It is unlikely that complete evacuation can in all cases be achieved prior to the initial attack, owing to the limited amount of warning available. However, since most of the enemy's targets are most likely to be in the United States, there is reason to hope that there would be at least an opportunity to continue the evacuation of some target areas in Canada for a few hours after the initial attack on North America has begun.

In any future conflict the problem, of course, is one of survival. The first few days of nuclear warfare would be the worst. If we could survive these few days we might possibly survive the conflict itself. So, because of these things, the considerations of NATO and so on, we have decided that plans should be developed for the evacuation of the following areas in our country: Montreal, Toronto, Ottawa-Hull, Windsor, Niagara Falls, Halifax, Vancouver, Hamilton, Winnipeg, Edmonton, Quebec city, Saint John, New Brunswick, and Victoria. It is a gigantic job; it has already been begun. All that I am saying is a reaffirmation of the tests that have been carried out.

My hon. friend in the committee, I thought made a very helpful suggestion, which we have taken into account, when he referred to the question of progressive evacuation. I can tell him after considering what he said that it is likewise our view that a wholesale evacuation of the entire population of a city after the alert is sounded is not necessarily practical or necessary. Instead we have planned for what he has described as a progressive evacuation. In other words, if it should become evident that there was a general deterioration in the international situation that suggested the probability of attack, that would be the time to move out parts of the population not absolutely necessary to the life of the community, people like the mothers, the small children, the sick and elderly people.

I have discussed in the committee, and there is no need to go over, all the various phases which would be attached to the concept of progressive evacuation, phases A, B, C, and D. I would not want the house to be

misled into thinking that we are in a position to do all of these things. We have carried out certain tests at Brandon, Calgary, Brockville and St. John's, Newfoundland. We are now giving some consideration with the United States to another evacuation.

This is a very difficult problem, but at the present time in the face of this cataclysmic potential—let us put it that way—there is nothing we can do other than to think in these terms. That is the view of other NATO countries which recently had a meeting; the collective view was that we should go on doing our best in the free world with these plans, perhaps predicating our view that in such preparations we were providing a deterrent of some sort, a discouragement of some sort, an insurance premium in any event, that might mean that some day these things would never be necessary.

The provinces are playing their part in this matter, generally speaking, and so are the communities. In what is admittedly a very difficult assignment, I am sure we shall continue to do the best we can. There can be no activity that would result, if war ever broke out, in our being able to save everyone. All we can do is minimize the blow and be prepared to minimize the horror that would result.

Again I wish to thank my hon. friend and the members of the committee for the valuable discussion and the help every one of them gave in this very difficult matter.

Mr. Thomas: I wish to thank the minister for the statement that he made regarding compensation for those defence workers. I certainly hope that the active consideration that he said was being given comes to a satisfactory conclusion and that those people do obtain compensation for their time and the damage and so on that they may suffer in the line of work, because those people are doing a wonderful service to their community and to Canada in general. They willingly give their time and labour in order to see that the communities in which they live are looked after in the event of not only an atomic attack or an enemy attack but, as has been pointed out, cases of a civilian disaster. The training they have received along those lines is the kind of training necessary for them to carry out their jobs in the best possible way.

Now I wish to make one suggestion to the minister. With regard to evacuation, I notice in the larger cities in the United States the highways are generally marked, "This highway will be closed in the event of air attack or enemy attack" or something like that. I should like to put this to the minister, that the highways around the major cities in Canada could be marked in such a way, not necessarily that they will be closed but so that they will be laid out in a systematic way and so that some highways will lead in and some out. As far as a disaster area is concerned, they should be clearly marked in that way and left marked at all times so that the people in those areas, in the event of a disaster or an air attack, would know exactly which highways they would be able to take out of the area. Then there would not be interference with assistance or reinforcements coming into that area.

I cannot think of any more orderly way to carry out evacuation. In the evacuation of an area, we all know that the biggest trouble comes about as a result of people flocking out of the cities and getting in the way of reinforcements and assistance coming in, and you find nothing but chaos. If the highways were clearly marked so that some of them lead in for the assistance coming in and others lead out for the evacuees going out, it would make for an orderly evacuation of any city in the event of catastrophe.

Mr. Stewart (Winnipeg North): I am not sure that the suggestion advanced by the previous speaker really has very much validity and I should have preferred it if the minister had been much more outspoken in what he had to say. It is all very well to talk about the cataclysmic potential of a thermonuclear war. It would be a cataclysmic reality. What has to be realized is this. The facts have been given by, I suppose, informed witnesses in the United States appearing there before committees. One of them only recently said that if there was a massive attack on the Soviet union, tens of million of people who were not subject to the thermonuclear blast would nevertheless have no hope of survival because of radioactivity fall-out and that this would extend into other countries and into other continents. We must realize this. If there is a massive thermonuclear attack on North America, we will only be able to decide on that day to which area we are going to evacuate our people. It will depend surely entirely on the wind. If the wind is blowing from the north and the attack is primarily on the United States, I suppose we in Canada might have some safety. But if the wind is blowing from the south, then even although we survive or escape the thermonuclear blast, nevertheless the effects on our people—if this American witness is correct—will be such that the outlook will be more than grim for the great majority of them. I agree that we must try to prepare for eventualities. But I think the people of Canada ought to know clearly and without any question that if this thermonuclear war takes place, the possibility of survival of the

great majority of mankind is very limited, and that in the case the best civil defence is to make sure that such a war does not break out.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I have a few remarks to make on civil defence in connection with the specific problem which exists in Montreal. But before making them I should like to express my regret that the minister, on a problem of such national importance as is civil defence, saw fit to give this house such a dose of warmed-over soothing syrup as he delivered a few minutes ago in what were, I dare say, his preliminary remarks on the matter.

The danger about this approach of the minister and of his presentation at this time, Mr. Chairman, is that it leaves the house and the people of Canada with the impression that the minister is saying something new or something different or indicating that some progress has been made. The major tenor of the minister's remarks was to the effect that the government has decided that in this age of thermonuclear warfare it was necessary to evacuate the cities and that the government and the civil defence organization had prepared evacuation plans for Montreal, Toronto and so on across the country.

It sounds like progress but it is nothing but a rehash of exactly the same thing the minister has been saying for the last 18 months and which the minister has been working on for the past two and a half years. The minister can go back to the discussion on the estimates last year at about this same time when I dealt with this subject and when, by a comparison of speeches delivered at a meeting of the mayors and municipalities of Canada—speeches made by the minister, the head of the civil defence organization and by Val Peters, the head of the United States civil defence organization—I showed conclusively that we were undecided and unprepared in this matter of evacuation while the United States has been working on it for a year.

But let me introduce another proof at this point. Just a few minutes ago we heard the minister giving us the thrilling details—in his estimation, undoubtedly—of an evacuation plan. I hold in my hand a clipping from the Montreal *Gazette* of March 14, 1955. That would be 16 months ago. The heading is, "One-Way Traffic Out of City Included in Ottawa's Master Plan." I will just read you two or three short quotations to show you how the minister warms up this subject and dishes it out again and again:

> "The only defence against the hydrogen bomb—if the enemy is going to drop a bomb on a city—is distance," Dr. G. F. Davidson, Canada's deputy minister of health and welfare and a civil defence expert, said last week.

[Mr. Stewart (Winnipeg North).]

> With this in mind, P. H. Fox, the federal government's chief civil defence transportation and communications officer, has prepared a blueprint for the evacuation of Montreal . . .

I interject at that point that the minister just a few minutes ago was talking about a blueprint for evacuation. We heard about "progressive evacuation" in the committee and again this morning as if progressive evacuation was something new. The minister finds new terms for old things. That is all he is doing. Sixteen months ago it was "pre-thinning" of the population. I quote again from this newspaper story:

> However, Mr. Fox said there would be a certain amount of "pre-thinning" of the population. If the international situation grew worse and war appeared likely, 30 per cent of the population—331,500 people—would be evacuated from the danger area before any radar warning.

In order to show why I questioned the usefulness of the minister's remarks this morning, a final quotation from this article reads as follows:

> The federal plan for the evacuation of Montreal has been shown to officials in this city. No action has been taken.

All of that is 16½ months ago. Mr. Chairman, in fairness to this house and in fairness to the devoted people across Canada who are giving of their time, energy and ability and are sometimes risking their lives in training to prepare themselves for civil defence, what right has the minister to come here and to stand up today and, under the guise of giving us something new, dish out material which was published in every newspaper in Canada 17 months ago? Had I the time and the inclination—and I may say I am not going to do it—I could go back and deal with the minutes of the special committee on estimates which dealt with civil defence. I am almost sure that every statement which is on that record can be traced back to previous announcements by the minister.

Mr. Martin: May I just intervene here, Mr. Chairman, in order to make an explanation to my hon. friend. I am sure he would wish it. I just walked across the floor to speak to the hon. member for Esquimalt-Saanich who I think would agree with what I am going to say. What I have said this morning has been said before. But the significance of what I said this morning was that this is now defined government policy. The hon. gentleman had asked me several months ago, in the special committee on estimates whether that was the case and my reply to him was that it was not, that the department was engaged in these tests. But since then the government of Canada as a whole has confirmed the desirability of maintaining these tests. That is the significance of

my statement this morning which arises out of the question which was put to me several months ago by the hon. member for Esquimalt-Saanich. I am sure that my hon. friend would want to know that.

Mr. Hamilton (Notre Dame de Grace): I am grateful to the minister for his interjection and observations. But if this was not defined government policy 16 months ago, what on earth was the civil defence organization doing in preparing blueprints for the evacuation of these cities right down to the final—or presumably so—details of this evacuation? Again, if it was not government policy at that time, the department was far exceeding its authority in doing work of this kind. I suggest to the house that we could find other statements. However, I will not take the time now to do so. But the minister knows perfectly that when he spoke to the federation of mayors and municipalities—that was in 1954, if my memory serves me right—

Mr. Martin: It was 1954.

Mr. Hamilton (Notre Dame de Grace): —both he and the head of the civil defence organization, Major General Worthington, indicated at that time that evacuation was the plan of action which was going to be followed by the federal civil defence department.

Mr. Martin: That is right.

Mr. Hamilton (Notre Dame de Grace): If that was so in 1954, it must have been established government policy at that time and that brings us to the point where a moment ago the minister was just giving us another interim dose of warmed over soothing syrup. I had not intended, Mr. Chairman, to deal at all with the subject I have just covered, but I hope my remarks have brought home to the minister that while some of us have sat here for two days and listened to him wriggle and evade and give soft and easy answers to questions in this house, we have not necessarily been taken in by his attitude. We are very much aware that a great many of the questions which have been brought before him have not been satisfactorily answered, although they have been evaded by the most consumate of politicians that I have, in my short experience in this house, seen in action.

Mr. Martin: Would you say in addition to that that he was an agreeable politician?

Mr. Hamilton (Notre Dame de Grace): By every manner of means, the first quality of a politician is that he be agreeable. In that respect, I do not think there is anyone in this house who could help but like the minister. He stands ace high with me in that regard because, as a matter of fact, he is far more agreeable than I am.

Mr. Knowles: Is that the best you can say for him?

Mr. Hamilton (Notre Dame de Grace): Let me turn to the particular situation which we have in the city of Montreal. There is at the moment in the city of Montreal proper—for purposes of this argument I must separate the city of Montreal proper from the surrounding municipalities—no civil defence organization in operation. The reason for that stems from the flat refusal of the city council of Montreal, led by its mayor and the chairman of its executive committee, to provide funds in their budget in 1955 for the support of this particular activity. Whether that decision was right or wrong is not a point to be debated here. I will say that there is a great body of opinion in Montreal and on the city council which disagrees vehemently with those who are opposed to any support of civil defence by the city. I would tell the house that a petition—perhaps I should more correctly say a motion—is on the order paper of the city council at the present time which I am informed has been seconded by 42 out of the 99 city councillors —many of the remaining 99 have not been approached—asking that the civic authorities reconsider this decision and take a more active part in the affairs of civil defence in Montreal.

Personally, so that there be no doubt about it, I regret exceedingly the way in which the city has evaded or certain of the senior people in the city have evaded their responsibilities in this matter. I hope that they will reconsider their decision. On the other hand, I think we should remember that the minister himself has been led down the garden path rather consistently in this matter. When the estimates were being considered last year and at other times, he has said we were just on the verge of reaching an agreement with the city of Montreal. When the estimates committee met back in April of this year he had just spoken to the mayor of the city of Montreal and he claimed something was definitely going to come out of that. I can remember similar statements in the press around March, 1955. The mayor was in Ottawa or General Worthington had gone to Montreal. We were just on the verge of agreement. We were just on the verge of agreement in April, 1956. I dare say when the minister stands up he will say we are just on the verge of an agreement this morning. We should not put too much hope in these potential agreements, Mr. Chairman,

judging from our previous experience and the previous times when our expectations have fallen to the ground.

Some of the citizens of Montreal have realized and accepted their responsibilities in civil defence, their responsibilities to their fellow citizens. They have taken action and formed, in the city of Montreal, a civil defence organization without any help from anybody. I would pay tribute in that respect to the Notre Dame de Grace community council from which, as the minister well knows, this whole approach stems. This civil defence organization is meeting regularly and it is representative of a fairly large group in the city. It is doing its best to make what progress it can.

However, Mr. Chairman, I come now to my direct plea to the minister. No organization of this kind can continue without support from somebody official. It seems to me quite obvious that in the immediate future the city of Montreal is not going to give it the necessary support. I would remind the minister that the financial support cannot be forthcoming until next June because the city budget which was passed last March, 1956, covers the period until next June. This organization cannot then, at the present time, look to the city for immediate assistance. On the other hand, it urgently requires, as I understand it, three things. It requires a place to meet, it requires equipment with which to work, and it requires protection for its members in the course of their work and in the course of their duties.

Now the minister has always claimed that the only way to help local organizations in the field, such as the one I have suggested, is through the municipalities and through the provinces. But the minister will also admit that these restrictions have been arrived at as part of the regulations and not as part of the legislation. To the best of my knowledge—I was only able to make a quick search this morning—there is no legislation on the law books of Canada, which would prohibit the minister moving tomorrow if he wished to do so to assist an individual local organization which is separate from its municipality. That is exactly the case we have here now. We have a civil defence organization which cannot get assistance through the regular channels. It wants to do a job and it needs help from the federal government, help which is being doled out in the hundreds of thousands of dollars right across the rest of this country.

I suggest, Mr. Chairman, that the minister has a very clear-cut decision in front of him. Is he going to allow the over 1 million citizens of the city of Montreal to be put in imminent peril through the non-existence of a civil defence organization there because he refuses to make the necessary regulations to assist the local civil defence organization, or is he going to take the statesmanlike step of assisting this organization in its work? Otherwise, at this moment I see no hope for it to grow, no hope for it to prosper and little expectation for it to continue beyond—

Mr. Martin: May I ask a question?

Mr. Hamilton (Notre Dame de Grace): Yes.

Mr. Martin: I have been very interested in what my hon. friend has said because he knows that I share his concern about Montreal. Has the voluntary group to which he refers established any connection as yet with the municipal government, or does he know?

Mr. Hamilton (Notre Dame de Grace): They have definitely established no official connection.

Mr. Martin: But there have been talks?

Mr. Hamilton (Notre Dame de Grace): To the best of my knowledge, there have been talks; in fact specifically there have been talks between this defence organization and certain city councillors, which led to the motion that I told the committee about a little while ago.

But, as I was pointing out, it is now the decision of the minister. It is unfortunate that he has been put into this position because the civic authorities in Montreal have chosen to follow a course of action which many people question, but we must face realities.

In the minister's estimates last night there were such sums as several thousand dollars for each of various organizations. There was $4,500, if I remember correctly,—and it was very much appreciated and very much needed—for the Montreal institute for the blind. There is no impediment, legislative or otherwise, to give similar help to a civil defence organization in Montreal. Later on when the day of danger and reckoning comes, it could be a potent factor in saving hundreds of thousands of lives. If the minister really believes that civil defence is necessary in the major centres of Canada he cannot refuse this request.

Mr. Leboe: I do not intend to take more than a minute of the committee's time, but I should like to say that I do agree with what the hon. member for Wetaskiwin said about evacuation. Anyone travelling west from here, who travels through the city of Spokane, Washington, will realize the advantage of having some scheme by which

traffic can be readily moved through a city. In the city of Spokane we find a colour scheme is used for the different highways, and a stranger entering the city, who wants to travel through the city, has only to read the sign at the entrance to the city, on which the colour scheme of the highway is painted over which he wishes to travel, and he can go right through the city by following that colour without any trouble. In addition to that neon signs could be used in the colour scheme, which would be controlled at station points, which would bring arrows or other facilities into operation to guide the traffic.

I should like to say a word on the questions that have been dealt with here today with respect to the possibility of bombing in war. We should not rule out the possibility of guided missiles which are not of thermonuclear construction. While it is being realistic to think in terms of thermonuclear weapons, yet we must not rule out the possibility of other guided missiles which are being used for the purposes of war which would give, in fact, more time for evacuation.

I should like to confirm what the hon. member for Wetaskiwin has said regarding lines of demarcation, or marks to show where the traffic should go in the case of an attack.

Mr. Churchill: Mr. Chairman, my remarks are going to be very brief because I want to expedite the badly arranged business of this long drawn-out session of parliament.

With regard to civil defence, I might point out that this year we have had a much better opportunity to discuss the problem than in the past. We have spent 10 times the amount of time on civil defence that we were able to do last year because we had the benefit of the estimates committee, with several hours of discussion there with the minister and with his officials. The only thing I want to say on this occasion is that although we accept the policy announced by the minister for evacuation of cities, I consider it to be a single-barrelled policy, and it should be double-barrelled. I drew some attention to this in the course of the study in that estimates committee in April. I think more emphasis should have been placed on the question of survival on a family or household basis by means of shelter. I am of the opinion that in a thermonuclear war against this continent more Canadians will be in danger of radioactive fall-out than from a direct hit on cities, and even if there is evacuation of cities the people who are evacuated must have shelter against radioactive fall-out.

The minister has not emphasized that aspect of it, and at this stage I simply wish to express my opinion that evacuation of cities must go hand-in-hand with shelter against the fall-out. That may be essential even in the cities from which evacuation is planned because the time element may be such that the evacuation cannot take place. As I pointed out in the committee on estimates, in order to dispel the apathy in regard to civil defence, I think we should emphasize the fact that it is possible to survive even in thermonuclear warfare, as has been proven by the various tests that have been carried out. If people are protected against fall-out they have a chance for survival. It is important that that aspect of it be kept firmly in mind, because if the populace in large measure survives, then it might be possible to carry on the struggle more effectively later. But, if we are of opinion that nothing can be done under thermonuclear conditions, then no action will be taken, and I think a great deal of the delay in civil defence operations across the country has been due to the feeling that nothing can be done, and there are so many things that can be done. I think the civil defence organization is to be congratulated on what it has accomplished so far in establishing a good means of communication across the country—that is the prime essential—and in the training of great numbers of individuals in civil defence operations. I think that those people who have voluntarily given their time to take the courses in civil defence are worthy of special recognition; but I just emphasize the fact that the minister should have two schemes in mind, evacuation plus proper shelter on the family basis so that people will survive radioactive fall-out.

Mr. Martin: Mr. Chairman, I want to thank my hon. friend for having intervened in this debate. One could contrast what the hon. member has said with what was said by the hon. member for Winnipeg North, and although undoubtedly he said it with the best of intentions his attitude was that practically nothing could be done. The hon. member for Winnipeg South Centre has expressed my views and the views of the civil defence organization that we must not take a defeatist attitude. We know we cannot provide for 100 per cent survival. We know how disastrous the situation would be if a world war developed in which thermonuclear weapons were used. Nevertheless, we know, too, that we can minimize the blow, as I said in my earlier statement. I think the balanced statement we have just heard is one to which I would want to describe fully. Nothing will

be lost if we make an attempt and everything will be lost if nothing is attempted.

I also thank the hon. member who has just spoken for what he said about the civil defence workers who are doing their best with respect to a very difficult problem.

The suggestion was made about signs on the roads and so on. My hon. friend will, of course, understand that we work in full co-operation with the provinces. In the case of the province of Alberta they have a very good civil defence organization and I publicly thank the government there for its interest and endeavour in this particular field and my thanks are also extended to the local volunteer bodies. They take the view, and I must say I share this view, that we must not be too ostentatious until we have reason to be ostentatious.

I know the situation in the country to which my hon. friend referred. I lived in a hotel in New York last fall where there were all sorts of signs but there was not much behind them. The government at Alberta has taken the position, as most of the provincial governments have, that we ought to make sure not only that our plans are developed but that they are capable of execution before we create false impressions. There may be a midway position but I just mention that to indicate the way we feel about it.

With regard to the situation in Montreal, my hon. friend has taken a rather courageous course this morning and I commend him for it. As he knows, I have been greatly concerned about the fact that in the largest city of Canada there was a decision about a year and a half ago to undo the really great work that had been done by the city government and volunteer bodies. This was a regrettable thing. As the hon. member for Winnipeg South Centre said, if Coventry won't defend Coventry, Her Majesty's government of the United Kingdom cannot.

All around Montreal there is now a group of communities that are engaged in doing work for civil defence. As the hon. gentleman said, I have talked to the present mayor on three occasions in connection with this matter during the course of the last five months. When I spoke in the committee I did express the hope—indeed I went further than that and said I expected—that results would flow from our discussions. I can only say to my hon. friend that I have not given up in that particular. When I asked him a question a moment ago concerning whether or not the volunteer group he had in mind had any association or connection with the city government officially he indicated that there had been some consultation. I know that a group has discussed the matter recently with the mayor and only ten days ago I myself discussed this matter with the mayor over the telephone. I have not given up.

Assuming that the city would not officially participate, my hon. friend asked what I would be prepared to do. I can only say I am prepared to consider that possibility. At the present time we have just concluded an arrangement with the government of the province of Quebec whereby they have given us permission to deal directly with the municipalities without going through them. I do not know whether it is on its way or whether it has actually been put forward but we have a submission to the treasury to permit us to deal directly with certain municipalities and also to be allowed to provide 25 per cent assistance without going through the government of the province.

My hon. friend's proposal goes one step further in that he suggests we should deal with a volunteer group. We must remember that in cities we have to deal with the fire departments, welfare department, police force and other groups which are a part of the organized community and which play a very essential role in the development of a city's civil defence organization. I may not fully satisfy my hon. friend by my assurance but at this stage I can only assure him that I will carefully examine the extent to which it would be possible to encourage a local body of this kind. It may be possible to establish some titular connection with the municipalities and I assure him I will be glad to pursue that question vigorously.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, one brief question occurred to me while the minister was speaking. I wonder would he care to see personal representatives of the civil defence organization in Montreal and discuss possible arrangements with them.

Mr. Martin: I would be glad to.

Mr. Castleden: In his statement would the minister care to say something about the possibility of greater co-operation with the militia of Canada?

Mr. Martin: As I have said, I have already clearly indicated that in the discussion in the committee. There has been a change of policy there and the measure of co-operation between the defence forces and the civil defence organization is now on a firmer footing than it was before. In my own judgment there is an increasing role for certain groups in the armed forces. It may not be along the lines they are theoretically contemplating in the United Kingdom but along lines that I think would give the armed forces, and particularly the reserve forces, a greater role than they have had heretofore.

Progress has been made and I know, for example, that civil defence courses are now given to members of the armed forces. Some are actually taking courses at our civil defence college in Arnprior.

Mr. Castleden: I would like to have the minister's statement on the following matter. I believe the prairie region is looked upon as a receptionist area. I know my own province has been co-operating with the government in an endeavour to carry on a training program relating to the rural and city municipalities in the receptionist area. I think there has been a little hesitancy on the part of the government to assist the province in preparing the kind of supplies such as blankets, medical supplies and food supplies that would be necessary in the case of an emergency. I think that in fulfilling the role they are trying to fulfil in the receptionist area more assistance would be of great value.

It must be remembered that we are dealing with the possibility of a type of war about which we know very little. Although the program must be a running one which permits of changes in policy, and although I believe we cannot be ostentatious in what we are spending, I think we should be doing what we can.

I would also say this. Where training has been carried out and where supplies have been available they have been of great value in cases of peacetime disaster. I think there is no doubt that support should be given to this kind of program to take care of peacetime disasters, and on that ground I think the expenditure can be supported.

Item agreed to.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

DEPARTMENT OF NATIONAL REVENUE

Canadian Broadcasting Corporation—

54. To provide for the requirements of the sound broadcasting service (to amount formerly authorized by chap. 32 R.S.), $6,250,000.

Mr. McCann: Continuing the discussion of last evening on the estimates of the Canadian Broadcasting Corporation, the hon. member for Eglinton raised two or three questions which I shall endeavour to deal with before we proceed with the rest of the debate.

He asked about rumours he said he had heard to the effect that the C.B.C. was proposing to sell television news service to those who might be interested in purchasing it. I am informed by the corporation that it is not considering selling television news services.

The hon. member also asked when colour television will be available. I am not in a position to give an answer at the present time on that. I believe that this is one of the questions we shall be able to deal with much better when we have the report of the royal commission.

The hon. member also asked about the commercial operations of the corporation and revenue from advertising. For the revenue figures requested I would draw attention to a breakdown given on page 3 of the section on finance in the annual report of the corporation, which has been tabled. I am informed by the corporation that it is continuing to charge uniform rates.

I wish to put on the record some information with reference to the finances of the company as provided for by vote 54 and supplementary vote 605, the one dealing with sound broadcasting and the other with television. Vote 54 in the main estimates and vote 605 in the supplementaries represent proposals by the government for interim financing of the Canadian Broadcasting Corporation pending the report of the royal commission on broadcasting. As hon. members are aware, the royal commission, under the chairmanship of Mr. Robert Fowler, is conducting an exhaustive study of the whole matter of television and sound broadcasting and is examining the operations of the corporation. The government expects that after it has the report of the royal commission it will be in a position to make proposals to parliament regarding a firm basis for long-term financing of the national broadcasting system and its development, both in television and in sound broadcasting. I believe too that members of the house will be in a better position to consider these matters after having had the report of the royal commission which we expect will be ready for the next session of parliament.

As hon. members are aware, the operations of the radio part of the national broadcasting system have been financed for several years from a statutory annual grant of $6,250,000 together with the proceeds of the excise tax on radio sets and equipment in accordance with statutory provision. In addition the corporation has the proceeds of its commercial activities. In its statement for the year ended March 31, 1956 the corporation shows a deficit in sound broadcasting of some $287,000 after depreciation.

In the current fiscal year it is estimated that there will be some decrease in the yield of the excise tax on radio sets and a further drop in sound broadcasting commercial revenue. At the same time, to keep services at their current level, there will be some

minor increase in expenditures arising from normal salary adjustments, the replacement of commercial programs, strengthening of radio programming and increased fees and salary costs resulting from collective bargaining agreements.

The statutory grant of $6,250,000 annually was provided for a five-year period in 1951 and came to an end with the last fiscal year. Under the circumstances the government is proposing this vote 54 of $6,250,000 simply as a temporary measure to provide the same amount for another year.

The corporation expects that with this continuation of the $6,250,000 grant it will have a deficit in its sound broadcasting operation this year of some $3 million. The deficit will have to come from its own reserves, since the government is not proposing any further grant for sound broadcasting above the level of the statutory amount of the previous five years.

The operations of the national television system for the last three years have been financed from the proceeds of the excise tax on television receiving sets and equipment, together with the income from television commercial operations. I think it became very plain, particularly to members of last year's special committee on broadcasting, that the proceeds of the excise tax plus commercial revenues would by this year not be nearly enough to support the nation-wide system, with service through the number of public and private stations that have been authorized. That of course was one of the reasons for the setting up of the royal commission.

The corporation explained to the committee at the last session that it expected a fairly heavy deficit in television operations for the fiscal year 1955-56. The deficit during the last year, however, was held to approximately $1 million, as the financial statements of the corporation show. Income both from the excise tax and from commercial revenues was considerably higher than had been anticipated while expenditures were held down. The result was a deficit smaller than had been expected. The rate of expenditures of the corporation, however, continued to grow through the year as new stations were added to the system and as program services were developed.

Some further increase will be necessary during this year, according to the corporation, simply to meet commitments of various kinds already made and to permit minimum normal development of the service along the lines anticipated for the last several years. At the same time it is expected that the proceeds of the excise tax in this year will be considerably below last year and that there will not be a major increase in commercial revenues. As a result, the corporation anticipates an operating deficit in television this year of about $17 million on the present basis.

The government has given considerable thought to this matter. With the royal commission studying the whole question and examing operations of the C.B.C. we did not think it wise that the corporation be left in a position in which it would have to reduce sharply its television services. Nor, on the other hand, pending the report of the commission, did we wish to ask parliament to provide funds at this stage for a major expansion of the television service. We are, therefore, proposing this grant of $12 million, leaving it to the corporation to finance from its own reserves the balance of the deficit, an amount anticipated at about $5 million. So that the $12 million grant and the use of $5 million of the reserve would make up the $17 million of the operating deficit.

We consider this to be a sensible interim arrangement under which it will be possible to continue the operation and normal development of the national television system along lines already laid down, but under which no new departures can be undertaken. At the next session, with the report of the royal commission in hand, we hope to be able to make proposals of a more permanent nature based on thorough consideration for the financing and development of our national broadcasting system, both radio and television.

That is the statement with reference to the government's financing for this year. At a later period I shall put on the record details of the financing of the international services.

Mr. Diefenbaker: Mr. Chairman, the statement just made by the minister indicates the serious situation which faces the Canadian people in connection with the financing of the C.B.C., in particular under the television policy now in effect. The deficit this year indicates that there is something wrong in the Canadian Broadcasting Corporation's control of expenditures.

The trend has been upwards in recent years. I think the Canadian people today are asking that what appears to have the elements of hog-wild spending by the C.B.C. must be curtailed and discontinued. As far as the $12 million item is concerned, to which the minister just made reference, whereby the C.B.C. asks for a grant of that amount on the part of parliament, I suggest that the $12 million should be in the form of a loan advance and not a grant so that parliament will be in a position to determine, when the royal commission makes its report, as to what shall be the future course of the C.B.C.

Mr. Goode: On a point of order, if my hon. friend will allow me. We listened last night for an hour to the hon. gentleman who represents his party in this house speaking on the C.B.C., and the Liberal party kept a quorum in this house to allow the gentleman to speak. There are other parties—and I say this with all respect to my hon. friend from Prince Albert—there are other parties and other members who wish to speak in this debate, and I rather think we should take them in the right order. I understand that the C.C.F. party has a member to speak, the Social Credit party has a member to speak and, as you know, I shall have something to say at some time, but I rather think that my hon. friend should give way with regard to this matter.

Mr. Diefenbaker: Mr. Chairman, I submit that those remarks are as untimely as they are unfair. You gave me the floor.

The Chairman: Order. After all, we are bound in this house by custom, and if a member wishes to speak he rises. The hon. member for Prince Albert was the only member who rose following the speech of the minister.

Mr. Diefenbaker: Thank you, Mr. Chairman. Apparently my hon. friend was not in the house to notice that nobody rose, and he made a gratuitous statement that is—

Mr. Goode: I have been in the house since 2.30.

Mr. Diefenbaker: I have the floor. When my hon. friend takes the floor I shall listen to him, but at the moment I have the floor. I said a moment ago that the people of Canada are beginning to realize that some effective action must be taken with regard to this problem. I have before me an editorial in the Windsor *Daily Star* of yesterday's date, which sets out clearly and effectively an argument that is generally being more and more accepted by the Canadian people. I shall only quote one or two excerpts from it. It is entitled "C.B.C. Deficit":

> The Canadian Broadcasting Corporation's deficit for the last fiscal year was $1,358,000. But to that figure should be added the $22,799,000 the corporation received in ear-marked revenue from the excise tax on radio and television sets and parts, and a $6,200,000 government grant for radio. The state radio-television system, then, was in the red to the tune of more than thirty and one-quarter millions. And C.B.C. expects a bigger deficit this current fiscal year.
>
> Many thoughtful Canadians must be uneasy over the widening stream of taxpayers' money that has been pouring into C.B.C. since the advent of television in Canada. Much of it goes to subsidize entertainment, some of it good, some bad.

I refer particularly to the situation with respect to television because I believe that the policy that has been followed of local monopoly in television has been detrimental to Canadian television development. I say this because, as we approach the period when colour television is adopted and becomes more generally used, the amount of the present costs for television will be materially increased. Indeed, the general estimate, as I have read, of authorities in the United States has been that the increase is some 15 per cent over and above the costs of ordinary television. That means that more and more because of the present television policy Canadian taxpayers are being made to pay. My submission is: if a policy in keeping with television development in other parts of the world were inaugurated in this country, the taxpayer would in consequence not find himself mulcted to the extent that he is today.

I believe that more and more members of this house are coming to realize the need of a standard committee on broadcasting. I am not criticizing the minister for not having a committee set up this year, although there are some who disagree with my viewpoint in that regard. With the royal commission sitting, I did not seriously contest the stand taken. However, whatever the royal commission's recommendations may be, if there is no stop put to ever-mounting expenditures which appear to be uncontrolled, and if the recent trend continues upward in the same ratio, the cost to the Canadian people will within a period of five or six years be $100 million a year. That is a serious situation and one that merits the consideration of parliament to a degree to which this matter has not been so heretofore.

I find it difficult to understand why the Canadian Broadcasting Corporation, having available to it the best outlets in Canada, is continually in the red. In Toronto the C.B.C. operates two radio stations and one television station; in the city of Montreal, two radio stations and two television stations. Private stations make money.

Mr. McCann: Lots of money.

Mr. Diefenbaker: The minister says, "Lots of money." That being so with available outlets such as the C.B.C. has and with its programs and with almost a similar degree of advertising, why does the C.B.C. find itself year by year with increasing deficits?

Secondly, virtually every one of the corporation's other radio stations and all its television stations are in highly valuable commercial locations. What about the C.B.C. station in Vancouver? It should make profit. There is a private station in Bellingham, Washington, XVOS television station, based almost entirely on the Vancouver market,

and it makes a very fair and reasonable profit. Take a station such as in my own province of Saskatchewan, station CBK, which can be heard over almost all western Canada, a 50,000-watt station. Why can stations such as these not make a profit? Why is it that year by year C.B.C. comes back to parliament, or receives a grant in lieu of an annual parliamentary vote, as it has for the past five years?

Why is it that the financial situation of the C.B.C. worsens year by year? The C.B.C. has radio stations in Winnipeg, Quebec city, Ottawa, Halifax and Sydney. It has television stations located in Vancouver, Winnipeg, Toronto, Ottawa, Montreal and Halifax. It is passing strange that, year by year, deficits increase and parliament is being asked for further votes. I am one of those who believe that the time has come to put a stop to this trend. Because of that fact, in so far as this $12 million item is concerned, I believe it should be in the form of a loan and not in the form of an advance. If we put it in the form of an advance it amounts to encouragement for further over-spending which is not justified having regard to any consideration whatsoever.

I am not going to take up much time this afternoon. I simply point out that, at the rate expenditures are mounting, if the person with the television set is to pay for the services rendered by the C.B.C., the present tax is totally insufficient. In the brief of the C.B.C. there was a suggestion that a basic licence fee of $15 a year payable by television owners would be sufficient.

Mr. Fulton: Shame.

Mr. Diefenbaker: It would be nothing of the kind. At the rate expenditure is going on, within two or three years that amount would have to be raised to $40 per set. This is not bringing before the committee something that we on this side have not warned about for several years. It is a situation, however, that has now reached the point where a decision must be reached on this important question. A decision is necessary for the preservation of the rights of the taxpayers of this country and also for the development of television generally everywhere within this country.

I realize that the commission has not yet reported. Because of that fact I do not intend to discuss other matters connected with this field of endeavour except to repeat something that we on this side of the house have asked for throughout the years. In addition to there being greater control over expenditures on the part of the C.B.C. we ask for a greater measure of parliamentary control, a greater assurance of a careful examination of expenditures that are being made. We are gratified to find that there has been widespread support for what we have endeavoured to secure, namely, an independent body to adjudicate between the C.B.C. and the private stations. We have pointed out the utter democratic injustice of there being a regulatory body performing executive, legislative and judicial functions and being a judge in its own cause. Those two matters represent all I intend to say with regard to this matter at this time. To go back to where I started, I again use the same expression. This hog-wild expenditure on the part of the C.B.C., unless controlled, will result in an increase in taxation far beyond what is justified for what Canadians are receiving today.

Mr. Reinke: First of all, Mr. Chairman, I should like to deal for a few moments with the annual report of the C.B.C. which was tabled on July 22. Then I should like to express a few private views of my own with regard to the C.B.C. and with which I believe a great many Canadians might agree with me.

I think it is perfectly obvious to all hon. members that the C.B.C. today, with television and radio in particular, controls to a great extent many of our activities here in Canada and wields a great deal of influence. In less than four years since television was first inaugurated in Canada, it has reached a proportion where it is covering, as the minister pointed out, nearly 80 per cent of our population. In looking over the report, while I must admit that the C.B.C. have done an excellent job in covering the population of Canada, I in my own mind cannot see where they have accomplished very much that private enterprise itself could not have accomplished; that is particularly in the way of coverage, although I will admit that as a network the C.B.C. probably covers more of Canada in a more unified manner and brings this country more closely together than would be done by private enterprise.

As the previous speaker has pointed out, I believe that the time has come to take a new look at the C.B.C. I am not expecting anything I might say here today to change or affect the picture in so far as the Fowler commission is concerned. However, I would hope that the opinions expressed by hon. members in this house will be taken into consideration by that commission when they make their report.

In reviewing the classification of radio and television network programs, I believe that the C.B.C. has for the most part accomplished a fairly good balance. I was greatly interested to read the numbers of hours that were

devoted to the various classifications. For instance, I think that people enjoy possibly the lighter types of music more than they enjoy the heavier types. As a result, three times as many hours were devoted to that type of music, and so on. I was particularly pleased to see that a great deal of Canadian talent was used last year and that Canadian talent was given a chance. In all, it is reported that 1,004 orchestra members were used, all Canadians, and that 22 of the 26 conductors were Canadians. However, the thought that strikes me about this particular part of the report is this. While these engagements were provided for over 1,000 talented musicians, I am wondering how many of them actually presented more than one program. I notice here that over 12 programs in 12 cities across Canada were presented during the summer months. I would think that possibly that figure of 1,004 could be reduced by two-thirds, and most of them from Toronto or Montreal.

I would also hope that the Fowler commission, when it makes its report, will take into consideration what effect private radio and television would have on the use of talent in this country. In the field of drama I might say that the corporation is trying very hard but that, in a great many instances, I believe they are falling short. I have in mind particularly one play on television that I thought should never have been produced. That one is brought to my mind at the present time. I think it was called "The Eye". There was quite a garbled-up television program about somebody's subconscious mind and his conscious mind. It was so bad that I finally turned it off and listened to one of the Buffalo stations. As I say, with the money that we are spending, I cannot understand why programs of this type should be produced at all. I think the Canadian people would be more interested in fiction, if it has to be fiction, that is built around some of our historical events like confederation or perhaps the Northwest Mounted Police. So far as the Northwest Mounted Police are concerned, the only program I saw having to do with them was one which emanated from the United States. I could go on and elaborate on the programming of the C.B.C. but I should like to turn to the financing because, in my opinion, that is the most alarming problem that is confronting us today.

In the year ended March 31, 1956, as has been pointed out by other speakers, the C.B.C. had an income of $38,942,000 and their expenditures were $38,572,000 before depreciation. For programming and engineering, this corporation spent $32,347,000, yet the income from commercial broadcasting was only a little over $9 million. Let us take a look at the picture over the past four years, 1953, 1954, 1955 and 1956. In the year ended March, 1953, the income of the C.B.C. was $15,359,000. Television was just commencing that year and the expenditures were not too heavy in that field. It was in that year, too, that we collected some $5,700,000 from radio licence fees which the Canadian people detested so much. In that year the expenditures on both radio and television only amounted to $14,304,000.

Then, in the year ended March, 1954, the revenues of the C.B.C. jumped to $27,430,000 and the expenditures jumped to $19,986,000. In the year ended March, 1955, the revenues jumped again to $34,700,000, but the expenditure also jumped to $29,100,000, an increase of roughly $9 million. As we all know, last year the increase was $9·5 million. Now, in addition to all these yearly expenditures, the operations of the C.B.C., as reported in 1955, cost an additional $19 million that the government of Canada lent for capital expansion. There was another $8,500,000 last year, bringing the total to $27,500,000. Of this amount, only a paltry $72,000 has been so far paid back to the government. Now we are faced with an expected deficit which this parliament is going to have to vote, and I am quite prepared to go along with it. But I want to bring to the attention of hon. members and impress upon them that this will add another $12 million on top of the already existing debt.

With operating expenditures of this order—I do not know whether the minister mentioned them in his figures earlier, but they must be somewhere in the neighbourhood of $45 million or $50 million—I should like to know where we are going with this monster. I feel that this corporation has extracted $29 million from the taxpayers' pockets through the sales of radio and television sets and parts. There will be a net loss of millions of dollars and that is going to put us in a position where we have to take some drastic action. Where are you going to get over $30 million next year? There are only three ways that I can fathom for the C.B.C. to raise the money. First of all, there is the present system of excise and sales taxes on radio and television sets. Then, there are the taxpayers upon whom you could impose a licence fee but, as I said before, the Canadian people protested it so much when it was $2.50. The third way is for the corporation to carry on an efficient business or get out of the business entirely.

In the report it is stated that the market for television is fast becoming saturated. I believe this to be true to a certain extent,

but we may be overly pessimistic about that. There are some people who continually change their sets for newer and better ones. But I believe it is quite correct that the revenues from the excise tax are going to dwindle in the years to come. Is parliament supposed to vote money out of its revenues all the time, at a time when we would like to raise the old age pensions and family allowances, at a time when we are committed to $200 million to start off with for a national health program? At the rate this corporation is going it will not be long before the amount is going to be tremendous. I am not in favour of the old plan of assessing the taxpayers of Canada the $15 that was suggested by the C.B.C. to the Fowler commission. I am not in favour of this parliament subsidizing the C.B.C. to the extent it has in the past. In my opinion the only one alternative is for the C.B.C. to pay its own way or else get out of the business and let private enterprise do it.

I have gone over this report rather carefully and I cannot see too much in it that private enterprise could not have accomplished. For instance, the C.B.C. developed between 40 and 45 hours a week of program service for national distribution through C.B.C. and private stations. Of these 40 or 45 hours that were provided for the private stations, 55 per cent was produced in Canada and the other 45 per cent was piped in from the United States. In so far as the French language programs are concerned, of course, the percentage is higher because obviously the programs for French viewers have to be produced in Canada. I am not disagreeing with the idea of bringing United States programs into this country since they are obviously the programs the viewers wish to see. However, I cannot see where it is necessary to use the C.B.C. to bring these other programs in from the United States when the same thing could be handled by private enterprise.

Last year $10,600,000 was paid out for T.V. and radio talent. As I said before, this is admirable because it gives Canadian talent and Canadian artists a chance. However, this $10,600,000 does not include the cost of announcers, producers, program research editors, scenery, news writers, film editors, camera men or commentators. The report lists the various programs under various headings such as drama, opera, variety and so on. I am wondering whether these are all the programs the people wish to see. I am convinced a great deal of the money we are spending now should be spent in providing more top notch programs.

I find that one and one-half pages of the report are devoted to audience research.

Those one and one-half pages of audience research do not give one ounce of information about the result of that research of audiences. I do not know whether "Tabloid" has a good listening audience; I do not know whether "Scope" or "Folio" has a good listening audience; and I am wondering whether or not the people are listening to those programs that the C.B.C. is putting on, particularly in areas where they are competing with United States programs or overlapping private stations. We cannot force people to listen to programs they do not wish to hear. We cannot tell them that it is a good program to watch and that they should watch it. A little of that thinking is all right but we cannot take it too far.

Today we have this huge corporation with 5,000 employees. Last year the staff of the C.B.C. increased, according to this report, by 1,000 personnel, and this huge corporation is operating a monopoly in our largest cities. I believe that if we gave private enterprise a chance they could pay their own way and give the people a great deal of what they want at the same time. This country was built on private enterpise. Anyone who owns his own home or his own car is a private enterpriser.

Does the C.B.C. operate like private enterprise? I would say not. Let me give another example. I read in the report that 80 producers were sent to televise and comment on the boy scout jamboree held at Niagara Falls last year. Eighty producers, commentators and technicians were assigned to cover the boy scout jamboree held at Niagara Falls! The report also tells us that many months were devoted to the planning of the conference. I am not belittling to any extent the importance of that meeting but to me it sounds rather fantastic that the corporation should send that many people to cover it. The report also shows that we sent technical advisers to private stations to teach them how to operate and how to deal with the technicalities of television. Why can these private stations not send their technicians to the C.B.C.? Why should we, using the taxpayer's money, send our technicians out to the private stations?

Then, we come to the news. I am quite sure the news broadcasts have a large listening audience. I would think it is quite natural that some of the listeners might think that a state-owned news service would be rather partial to the government; but I have found, in my investigations at any rate, that the opposite is true; that the C.B.C., and possibly rightly so, are so anxious that they should not be criticized for favouring the government that they are bending over

backwards to favour the criticisms of the opposition. They are not even giving the whole story. On the program, "The Nation's Business", the time is divided up, as hon. members know, as follows: Four spots to the Liberal party; three spots to the Conservative party; two spots to the C.C.F; and one spot to the Social Credit party, a total of 10. Out of the 10 spots the opposition parties have six chances to criticize the government. We sit here in the House of Commons with a large majority. A good many of us would like to be on television to present our own private views. We, with 170 members, have four chances out of 10, as against 100 members of the opposition, and they have six chances out of 10 to present their views to the people of Canada.

Again, Mr. Chairman, I watched with a great deal of interest the proceedings on the pipe line as reported by the C.B.C. I think I should take a few minutes to bring to your attention exactly what took place to give you a good example of the C.B.C. coverage of the news on the Toronto station. I believe the Toronto station covers Ottawa, and part of its news is piped into Montreal. In going through the Toronto news I have found that a good portion of it was duplicated on other T.V. and radio stations across Canada. Here is an example from the C.B.C. news coverage of the pipe-line debate in the House of Commons. While these programs are presented to the people on the basis of news reports that are received from the wire service of the House of Commons, they do not give all the truth and a daily diet of slanted news or half-truths is bound to sink into the minds of the people sooner or later, and they are going to begin to wonder just how this country is being run. For instance, on May 9 this came from the C.B.C. central news room in Toronto at six p.m. You cannot call this an untruth. It says:

> Mr. N. E. Tanner, of Calgary, holds only two of nearly 2 million shares of the company. Well over three-quarters of the shares are held by five companies which are owned mainly in the United States.

I would not say it is exactly untrue, but it does not tell the whole story. It does not say they are Canadian companies mainly owned by interests in the United States. Then in the ten o'clock edition of the news they said practically the same thing except the following:

> . . . three-quarters of nearly two million shares are held by four big companies that are owned mainly in the United States.

So there must have been a correction made at that time. Then, it goes on page after page. On May 14, in the 6.30 news, they said:

> The Conservatives have urged that the line be built under Canadian control. The C.C.F. wants it under public ownership. Mr. Howe said there was no way, short of public ownership, of guaranteeing Canadian control over the pipe line.

The Minister of Trade and Commerce never said that at all.

Mr. Knowles: He did so.

Mr. Reinke: He did not. He never said that at all. Then we come to May 14, eleven p.m., and we find a whole page devoted to radio there, the same day that the Minister of Trade and Commerce spoke in the House of Commons and delivered a speech explaining the whole pipe line. At eleven o'clock there is nothing but George Drew. The same thing happened again on May 15 and May 16. Here it is again:

> The Conservatives want the cross-Canada gas pipe line under Canadian control and the C.C.F. want it under public ownership.

Nothing for the Liberals. Here we come to May 17 and we find the following; finally the truth comes out:

> Mr. Howe went on to say that no one should worry too much about Canadian control of the line. He declared that Canada would have control of it.

He is reported to have said that on May 17 when, in fact, he said it on May 14, right here in this House of Commons, as reported at page 3864 of *Hansard*. The Minister of Trade and Commerce said:

> In other words, an all-Canadian pipe line, whoever may own it, is completely under Canadian control.

Previous to that he had gone on to explain that parliament legislates the laws and regulations. What is referred to in this news broadcast is his statement on that day where he said, at page 3864 of *Hansard*:

> Whenever I have mentioned this 51 per cent offer, I have taken care to point out that it does not guarantee control by Canadians.

But it is a different thing altogether when the people of Canada have been led to believe that this government was not in favour of a pipe line under Canadian control or under control of Canadian regulations.

Then we go on. It goes on every day the same, reports of silly little things that the opposition have said like:

> Mr. Regier said he wondered how much of the money was contributed to the Liberal campaign fund in 1953.

The headline is:

> Charges that Trans-Canada Pipe Line Limited contributed to Liberal party funds.

You might as well call the Minister of Trade and Commerce a crook. Here is another example of it. On nearly every day that is

covered by this report reference is made to the fact that debate was choked off. Here we go again:

Opposition cries "shame". "Choke". "Shame".

Then we have a few more pages on which the word "shame" appears. Here is one:

"Shame", George Drew reports.

Then we have an example of the commentary that was given by some of the members of the press gallery. I do not know whether these are called commentaries or whether they are news reportings by the press gallery. If they are news commentaries possibly I am wrong in criticizing them, but I consider them to be a part of the news because the C.B.C. has no reporter in the press gallery, and it should have.

I am not picking on any one particular person, but the first name I come to is Doug Leiterman of the Southam news service. He said:

Parliament hasn't seen such a day as this in this country. At times, the house was completely out of control and seemed about to fly apart at any moment. The members shouted, they were shouted down; the Speaker ruled, then he reversed himself. Once, the opposition refused to vote at all. Liberal back-benchers sang "Alouette" and drowned out George Drew.

Some hon. Members: It is true.

Some hon. Members: It is not true.

Mr. Reinke: It may be true, but it does not give any explanation about what took place in the chamber, nor does it mention the people who were doing the rioting. Here is another example:

Through it all, the Prime Minister sat, shoulders hunched, and spoke not a word. His motion of closure was pushed through, but the opposition is still fighting its legality.

We come now to June 1:

Mr. Drew's motion calls upon the Commons to resolve that it no longer has any confidence in the Speaker, and makes three accusations against him: first, that he improperly reversed a decision of his own without notice and without giving any opportunity for discussion; second, that he has repeatedly refused to allow members to address the house on occasions when the rules provide that they have the right to be heard; and third, that he has subordinated the rights of the house to the will of the government.

The first accusation refers to Mr. Beaudoin's decision, at the opening of today's sitting, when he ruled that a motion by Colin Cameron of the C.C.F. was out of order.

It does not mention why the Speaker ruled that motion out of order.

An hon. Member: Did he mention it?

Mr. Reinke: The whole thing is very cleverly put together.

An hon. Member: Of course he did. It was so terrible it had to be mentioned.

[Mr. Reinke.]

Mr. Reinke: We come now to June 4:

The opposition leader in the House of Commons has come out in favour of full public ownership of an all-Canadian natural gas pipe line.

Well, sure he did, but as a third alternative. Anyone who listened to the news broadcast would immediately get the impression that the Leader of the Opposition was in favour of full public ownership of the pipe line. This is strictly a distortion of the truth.

We come now to some of the other commentaries. Here is one by Arthur Blakely; he is a dandy, all right. It reads:

Choked off debate on the subject—guillotine.

He uses the word "guillotine" all the way through. It is not as though he were referring to some member of the opposition using the word "guillotine". He goes on to explain what closure is and says:

The present rule of closure was introduced by the Borden government in 1913 as a means of ending debate on the now almost forgotten navy bill.

He refers to its use in 1917, 1919 and 1921, and when he comes to 1926 he says:

In 1926 the King government used the guillotine.

And then he says:

. . . the Bennett government resorted to the use of closure in 1932 to secure passage of the then controversial unemployment relief bill. The rule "closure" is obviously one to be reserved for emergency use only.

Mr. Ellis: A rose by any other name.

Mr. Hellyer: Down, Wimpy.

Mr. Reinke: And then of course we get into the interviews with the various leaders of the parties.

Some hon. Members: Clause 1; clause 2; clause 3.

Mr. Reinke: These are really worth reading. Of course the leader of the C.C.F. party is reported as saying:

I believe the people of the country will understand that this is a giving to an American corporation of a very large amount of Canadian money. It is said, of course, that some of it is loaned.

Of course, that is his business if he wants to talk like that.

An hon. Member: Well, thank you.

Mr. Reinke: The leaders of all the opposition parties in the house are mentioned, but there is no mention of the leader of the Social Credit party.

Mr. Ellis: He was just a Liberal echo.

An hon. Member: What do you think you were?

Mr. Reinke: Then we come to Stanley Burke. He uses the word "guillotine" for closure, and he does not even bother to

explain closure or use the word; it is just "guillotine" again. Then he expresses his own opinion and says:

> Mr. Howe has said that it is of the utmost urgency to start this year. But what would happen if the line were delayed a couple of years? Would it be worth waiting to get a better deal on this vital national project? Then there is the fact that the export deal stands a good chance of being thrown out in Washington. What would happen if the government has to take over the line, serving the Canadian market only? It would—

Mr. Ellis: What is wrong with members of the press gallery expressing their opinion?

Mr. Stuart (Charlotte): This is supposed to be news reporting.

Mr. Reinke: Why should they be expressing their opinions on a news broadcast?

Mr. Ellis: This is news commentary.

Mr. Reinke: And then they go on to refer to the hon. member for Eglinton.

Some hon. Members: Sour grapes.

Mr. Knowles: Do you want a government-controlled press?

Mr. Reinke: And so the report goes on. On May 30 we have Blakely again using the word "guillotine". He says:

> And so the pipe line battle is joined again, and the House resumes tomorrow under the shadow of the "guillotine".

On May 31, with Doug Leiterman reporting, it was said:

> There was no doubt at all that the government's motion would win and the "guillotine" fall in the early hours of Friday morning.

Mr. Knowles: Did it not?

Mr. Ellis: That was a statement of fact.

An hon. Member: What about the songs you sang?

Mr. Ellis: They want a government-controlled press.

The Chairman: Order. I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Reinke: I have a few more comments to make.

The Chairman: Has the hon. member unanimous consent to proceed?

Some hon. Members: No.

Some hon. Members: Agreed.

The Chairman: Agreed.

Mr. Knowles: Before the hon. member proceeds, since he has consent to go on for a few minutes I wonder if he will permit one question. When he says that the Minister of Trade and Commerce did not make a certain statement which was attributed to him over the C.B.C., is he not aware of the fact that on page 3864 of *Hansard* for May 14, 1956, the Minister of Trade and Commerce is reported as having said:

> Short of public ownership there is no way of guaranteeing Canadian control of the shares.

Mr. Reinke: That is what he said. I believe I explained that when the hon. member was not here.

Mr. Knowles: I certainly was here.

An hon. Member: You are the one who was absent.

Mr. Ellis: He is absent intellectually, anyway.

Mr. Castleden: What kind of press do you want, a government-controlled press?

Mr. Reinke: At any rate the report here mentions the fact that the Conservatives wanted the pipe line to be under Canadian control. The pipe line itself is under Canadian control, as was explained by the Minister of Trade and Commerce, but the minister said he could not guarantee that the company would be under control by Canadians. That is where I say the truth of this thing was distorted. The people were led to believe that the pipe line itself was not under Canadian control.

Mr. Knowles: The fact is that the C.B.C. reported the Minister of Trade and Commerce correctly.

Mr. Reinke: He explained it and it appears on the same page of *Hansard*. Both statements appear on the same page.

Mr. Knowles: The hon. member read a part of that page of *Hansard*.

Mr. Reinke: Then we come to June 2 again, and the report says:

> We have just seen an almost unprecedented spectacle of some two or three hundred people, who almost mobbed opposition leader Drew and C.C.F. leader Coldwell, as they left the building, and there were a good many boos for the Liberal cabinet ministers when they left.

Mr. Ellis: That was right.

Mr. Reinke: I happened to be out there that night when the Minister of Trade and Commerce emerged from the building. I will admit there were some boos from the crowd, but I would venture to suggest that people were planted there for that purpose. There were also some boos for other hon. members—

Mr. Ellis: Yes, other Liberals and Socreds.

Mr. Reinke: —because there were some supporters of the Minister of Trade and Commerce in that same crowd.

Mr. Hamilton (Notre Dame de Grace): And they were booing him, too.

Mr. Reinke: I was one of them. That was on June 2, before third reading. I know that is a fact because I was out there and I know the Minister of Trade and Commerce received a great many cheers but it says here there were many boos for Liberal cabinet ministers, and opposition leader Drew and Mr. Coldwell were almost mobbed.

That was on June 2. Again there was mention of the Leader of the Opposition and the hon. member for Rosetown-Biggar, but where is the hon. member for Peace River? Does he not represent a party in this parliament? They seemed to give three times as much time to the Leader of the Opposition as they did to the Minister of Trade and Commerce, but that may be a coincidence.

Then finally on June 6 we get the hon. member for Peace River. At last they realized that there were four parties in the House of Commons. I was there on that particular night, as I had been on June 2. I thought I would go out on the final night to see what was going to be telecast. Of course they had the hon. member for Peace River and the hon. member for Rosetown-Biggar on, and then they stated that the crowd was becoming noisy and boisterous by the time the Minister of Trade and Commerce emerged. They said there were no cheers for the minister. Then there was some commentary on what the minister said, and there was reference to the Leader of the Opposition and other hon. members who were coming from the building. It does not say much about the Leader of the Opposition except in the last few words, which were:

> The bill to permit the pipe line was passed five years ago, over five years ago, and now—

Then Larry McDonald said:

> Thank you very much anyway.

Then the announcer said:

> As you can see—it was impossible for the Progressive Conservative leader to finish his statement. Later, C.B.C. television news asked him to outline again the points he wanted to make.

There we had all the other parties out in front. Apparently they had to go to the home of the Leader of the Opposition to finally get a statement from him as to what went on. I do not know who is to blame for this misinformation. I am not blaming it all on the C.B.C., but I think some blame rests on them in this particular case. Probably some blame should rest on the Toronto station. I think a lot of it stems from the fact that they have to take the news as it comes out of the press gallery. As long as the C.B.C. wants to operate a news service and produces news concerning the House of Commons, they should have someone here in the gallery. It would require a relatively small expenditure to have a man in the press gallery. At the meetings of the general assembly of the United Nations the C.B.C. has a staff of reporters, but in the House of Commons, the highest legislative body in Canada, they have no one to report on behalf of the C.B.C. That is something that should be corrected as quickly as possible.

I should like to close by saying that parliament will have a problem to face when the royal commission presents its report. It will be our duty to assess the findings in that report. We will have to decide whether it shall be the duty of the C.B.C. to be responsible for the presentation of culture to the people of Canada. Are we going to be responsible for giving them the news of Canada? Are we going to be responsible for entertaining the Canadian people? Is it going to be our job to sell the merchandise and subsidize the program sponsors? Are we going to support the C.B.C. by importing foreign programs and talent? Are we going to use the C.B.C. to educate the people?

These are problems which we will have to face next year. I want to thank hon. members for permitting me to finish my remarks.

Mr. Knowles: Is the hon. member doubting the impartiality of the Canadian Press and the British United Press when it comes to covering parliament? Does the hon. member want them to be replaced by a government-sponsored news gathering service?

Mr. Reinke: I am suggesting that the news that came out of the press gallery with regard to the pipe-line debate was slanted and biased. I know that a good portion of it was cleverly written, but if you have a steady diet of it day in and day out, a little bit here and a little bit there, just twisted a little bit, the over-all picture becomes biased.

Mr. Knowles: Is it not because the Liberals do not like seeing themselves as others see them?

Mr. Bryson: Mr. Chairman, I am sure that after the remarks just made by the hon. member who has just resumed his seat—

Mr. Knowles: A Liberal member at that.

Mr. Bryson: —the members of the press gallery will mend their ways. I hope the people of Canada will not repudiate the C.B.C. because of the very silly arguments which have been put forward by the hon. member for Hamilton South. It seems to me

that the C.B.C. is very fair with its news releases in connection with all matters that go on in this house, even in connection with something like the controversial pipe-line debate. I was very much surprised that the hon. member did not take to task the newspapers of this country because they made a great many more derogatory remarks regarding the actions of this government than were contained in anything that came over the C.B.C.

It is expected that the Fowler commission report will be presented and be before this house next year. At that time I fully expect there will be a select committee of this parliament set up to deal with those recommendations. I anticipated the suggestion made last night by the minister that we should not deal with the briefs which were presented to that commission at this time, that we should wait until the report has been submitted before we deal with the submissions of the different people and organizations. For that reason I am not going to make any extended remarks this afternoon in connection with the C.B.C. As a matter of fact I feel that in the briefs I have read and the newspaper reports of those briefs there is nothing we have not heard before over the past few years. So if I happen inadvertently to refer to one or two aspects of the criticisms that have been made by some of these organizations, I feel that I shall not be doing what the minister suggested shoud not be done.

I feel very strongly about what I term the unwarranted criticisms levelled at C.B.C.'s policies and the regulations it uses to carry out those policies. I feel let down that the government, which saw fit to establish the C.B.C. in the first place, a child of the government should allow on certain occasions circumstances to arise which give the opposition to the C.B.C. a great deal of ammunition with which to blast that organization.

I also feel strongly that when accusations are made—in most cases false accusations—the members of the government, who should be supporting their own instrument in many instances fail to repudiate these false accusations that are levelled at the broadcasting corporation by its opponents. Because of that I cannot help disagreeing with even the setting up of the Fowler commission, because I feel that commission was set up in spite of the considered opinion and the recommendations of the government members and the majority of the members who sat on the parliamentary committee last year when they dealt with this whole subject. So I am afraid it was something the government did over the heads of those members of the committee who ruled against the setting up of such a commission.

Because of this, because of the actions I have pointed out, I cannot but feel suspicious, and I am sure a great many other Canadians must be suspicious, that the government itself is not yet convinced that publicly owned utilities are in the interests of the Canadian economy. For that reason we who support publicly owned utilities in this country as being the best possible method of carrying on business in certain fields are somewhat reluctant, as the champions of such a system, to make the kind of constructive criticism we feel should be made and must be made if the Canadian Broadcasting Corporation is going to expand and do the kind of job that must be done in that field in this country, the kind of job that no other organization can do as well.

I am not going to deal with any of the programming aspects of the C.B.C. I have here, as all members have, the annual report of the C.B.C. I should like to commend the minister and the officials of the C.B.C. for the very comprehensive document outlining the activities in the field of programming they have undertaken during the past year. I think that is one of the finest documents the C.B.C. has presented since its incorporation.

I cannot help being somewhat concerned when I hear the suggestion made that the C.B.C. is acting, in broadcasting in this country, as a competitor, a judge and a jury over the private companies broadcasting in Canada. These people who are opposing the C.B.C., and who are so very critical not only of the cost but more particularly of the types of programs the C.B.C. is airing, tell all and sundry that we should have the kind of programs the people of Canada want to hear. They say that all we have to do is take away the restrictions the C.B.C. imposes on the private stations operating across this country, but they do not tell us what they want to do. They tell us only they are prepared and ready to put on the market, as it were, or on the air waves, tailor-made programs which are going to be highly acceptable to the viewing and listening public of Canada.

First of all I should like to say that their past and present performance leaves a great deal to be desired. I am sure, too, that the majority of Canadians are highly suspicious of the kind of programs the private people would be prepared to put on in this country if they had the field to themselves, which, incidentally, they do not want to do themselves. They have made that quite clear.

Then they suggest a regulatory body. I too wish they had an independent regulatory

body, because I am sure the private operators in this country are virtually getting away with murder in so far as the broadcasting regulations are concerned. I am convinced that they do not want an independent regulatory body. All they want is their foot in the door. I am convinced that if we had an independent regulatory body to administer the broadcasting regulations in this country they would find themselves restricted a great deal more in their operations than they have been under the supervision and regulations of the C.B.C. as they are carried out at the present time.

They talk about competition. They go to the people—and this is something that I think is false—and they ask, "Are you in favour of the C.B.C. being judge, jury and competitor with the private stations?" Naturally people are very much aware of freedom in this country. Their immediate reaction is, "Yes, we would like to see an independent body. We do not like to see the C.B.C., this vast corporation, in direct competition with a small independent broadcasting company." But that is false because that kind of proposition is based on the premise that there are two distinct broadcasting organizations in this country. That is not true. We have in this country the C.B.C., and in conjunction with the C.B.C. we have the private broadcasting stations augmenting the services of the C.B.C. and working in co-operation with the C.B.C. In effect we have one broadcasting organization in this country. To admit that the corporation provides the private operators with a great measure of the service free of charge, and then to turn around and say that the private broadcasters are competing with the C.B.C. is an absolutely false statement.

I do not know of any business in this country that is in a more lucrative position than the private broadcasters. They are doing very well. I happen to know a few in my area, and I happen to know that they are in a very lucrative business. But I think I can understand that they see where the business can become even more lucrative. A few moments ago the hon. member for Prince Albert posed the question, why is the station CBK at Watrous not making a profit?

I would suggest to the hon. member for Prince Albert that if the private broadcasters in this country would accept some of the responsibility for building television and broadcasting facilities and better programs, the C.B.C. possibly could make a profit in a good many of the stations they are operating in this country. But the C.B.C. today are building across this country radio and television broadcasting facilities, and certainly they are not going to be in any position to show a profit for some time. But I maintain that if the private broadcasters in this country would do some of the things they are promising they are going to do if they have the field to themselves, by way of providing different programs and building facilities for broadcasting in this country, possibly the C.B.C. would be relieved of a great deal of the economic strain to which it is subjected today. Hence, as far as I am concerned, many of these things do not seem to hold water.

I will agree that C.B.C. broadcasting in this country is costing the Canadian people a tremendous amount of money. But is there anybody in this country who is so naive as to think that he is going to get a comparable type of broadcasting for any less? Is there anybody in this country who is so naive that he thinks the private interests in this country are going to go out and produce television and sound broadcasting "for free"? No, Mr. Chairman; the people pay for everything in this country. Whether it comes from the C.B.C. or whether it comes because of the fact that you buy a can of baking powder or something else, you pay for everything you get in this country. It is a matter of how you pay for it.

Then I have heard the fantastic argument put forward that the poor suppliers of radio and television sets are paying the major shot for broadcasting in this country. I wonder whether there is anybody in this country who is so naive as to think that a man who sells a television set gives $15 of his own money to support broadcasting in this country. No, Mr. Chairman; the person who buys that set pays for the broadcasting just as he is paying for the broadcasting now through the C.B.C. Anybody who tries to tell you anything different is just pulling your leg.

I should just like to say one further thing, Mr. Chairman. I do not think we can afford to turn over an important public utility to private interests, in particular the C.B.C. If we are going to try to maintain programs which have in them a great content of material that is important to Canadians, we can do so only through the C.B.C. Only those who stop to realize what is involved in television appreciate what is the situation. They know that Hollywood can put a program in the city of Toronto, can run that program for from 12 months to two years, and have a full house every night. But if you put on a television program that may cost as much as $25,000 to produce, and you put it over the air waves once, you have "had it"; it is obsolete. If you put it over the air waves twice you will receive criticism. I am sure the members of the C.B.C. who are present will tell you about the criticism that is

levelled at them for giving repeat performances over television networks.

So, Mr. Chairman, I am very suspicious. I am very suspicious of the suggestion that anybody else except the C.B.C. is going to provide the kind of programs Canadians are interested in. If we had a network set up by the private broadcasters, as is suggested, I am sure they would buy the cheapest and the least and charge all the traffic would bear. So in closing I should like to say this. If we want the kind of programs that I am sure the majority of Canadians want we are going to be obliged first of all to maintain the C.B.C. and second, we are going to be obliged to pay for it.

Mr. Goode: Mr. Chairman, having regard to what was said with regard to the Fowler commission by my hon. friend who has just taken his seat, may I say to him that I do not think there is any need to be suspicious of the motives behind the setting up of the Fowler commission. On May 14 of this year, because I hold strong views with regard to the C.B.C. and private television in Canada, I appeared before that commission in Vancouver—at my own expense, incidentally—and presented a brief setting forth my own ideas. After that brief had been read, Mr. Fowler and his associates of the commission questioned me for 90 minutes, an hour and a half, on my views and on other people's views with respect to Canadian and United States television.

Although I am certainly not an expert on television, either on its technical points or its public aspect, I came away from the commission with this idea, namely that if the government had ever appointed an effective commission on any matter in the last decade, this was the time they had done it. Certainly I do not know Mr. Fowler outside of my 90 minutes before the commission, but I came away with the opinion that here was one of the finest open-minded Canadians who had ever been given an appointment by any government. Mr. Fowler showed—and I have been on two television committees in this house—an understanding not only of my views but of the difficulties encountered by the C.B.C. He argued with me with regard to some of the views that have just been expressed by my friend the hon. member for Humboldt-Melfort.

I can assure the hon. gentleman that I came out of that commission meeting not knowing the final viewpoint of Mr. Fowler on anything he had asked me about. He is a shrewd businessman. He understands the position of the C.B.C. and of the private broadcasters. He questioned me with far more ability than I would ever show in my answers, but he indicated a friendly understanding of the whole situation. What the report of the Fowler commission will be, of course, no one knows. But when that report comes down I am quite sure it will be a fair report, and one that will have taken into consideration completely my views and those of the hon. gentlemen of the C.C.F.

Mr. Bryson: I wonder whether the hon. gentleman would allow me to interrupt for a moment?

Mr. Goode: Yes.

Mr. Bryson: I should like to put him straight on this one point. I am certainly not critical of the Fowler commission as such. I am very happy with the attitude, as I read it, of Mr. Fowler toward the whole question of the C.B.C.

Mr. Goode: The hon. gentleman was suspicious of the government's motive. I thought that was what he said.

Mr. Bryson: Yes.

Mr. Goode: I could understand what the hon. gentleman had said about that.

Mr. Knowles: That is a different story.

Mr. Goode: Before I go into my little discussion—and most hon. members know what it is going to be about before I do so, because I have mentioned it previously in this house—I want to say this. I have no inclination, and certainly I am not going to do so, of criticizing the C.B.C. this afternoon. I have criticized it in two different committees. I have taken a view that I think has been opposed to party policy on this side of the house. However, it has been sincere criticism, and that criticism has been fought in committee by Mr. Dunton. I think I have come to the point where, although I see his viewpoint, I will never agree with him as long as conditions remain as they are at the moment in Canadian television.

There is one thing I want to say—because I am going to mention to you, Mr. Chairman, the granting of a licence for a television station in Burnaby—to my friends of the C.C.F. There are at least three members of that party from British Columbia who are within hearing of my voice at the moment. Exercising their judgment they have appointed a gentleman to run against me in Burnaby-Richmond. He was sponsored by the present member for Burnaby-Coquitlam, and I think is being advised by him. I shall have some things to say in regard to another matter on another occasion, but I do say to the hon. gentlemen across from me that I have been accused by the official C.C.F. spokesman in my riding of speaking on

behalf of private television interests in this house, and of being paid by private interests to do so. I say now that those remarks were either sponsored or directed by the hon. member for Burnaby-Coquitlam, and I hope the hon. gentlemen who now listen to me do not concur in those thoughts, that were not only vicious but most unfair and untrue.

Some time ago, Mr. Chairman, I presented a petition to this house. I cannot go into the matter of that petition because I would be out of order. However, I think you will allow me to say that 13,333 people in my riding, representing something over 50,000 people, asked me to present it to this house. The reason for that petition was that the 80,000 people in Burnaby believe they are important enough in the national picture to be allowed to have what they want. They want a television station in my riding. You can say it is not important in the over-all national policy of the C.B.C., but 80,000 people, the second largest populated area in British Columbia, are important. It is my duty, as best I can with my limited abilities, to present the plea of the people of my riding to the minister and to the C.B.C. for the public utility they want.

It has been said by the C.C.F., and I think quite rightly, that there is money to be made in private television when it comes to Canada; that is outside of Ontario, may I say. There is a lot of money in a private television station. I have not yet heard a good argument to the effect that merely because someone who is going into business is going to make a lot of money, we should not let him go into that business. We have, as the hon. member for Prince Albert said this afternoon, a United States television station in Bellingham, Washington. I am not sure that he realized all the details concerning this station, but at least he mentioned it. This station in Bellingham is taking over $400,000 in advertising from the province of British Columbia every year. I think perhaps the figure now is 50 per cent more than that, but I want to be sure of what I am saying.

Lately the government of the United States has said that this station can now increase its power six times. The Bellingham station, which started out as a two-bit operation, has made enough money out of Canadian advertising so that within the next few days they will have a station comparable to the power of CBUT, Vancouver. As the C.B.C. knows, this station was constructed by technicians on the ground out of home-made parts, yet they have now made enough money to establish themselves as a $2·5 million corporation. They have made it from British Columbia money, because if you watch television in Burnaby, as I do when I am home, you will see that 90 per cent of the programs coming over that Washington station are sponsored by industry either in the Vancouver riding or in my own riding.

A lot has been said during this session about the United States having control of Canadian business. Here is one business about which we can do something if someone in the C.B.C. will allow us to do it. It can be said, and the C.B.C. have argued this with me in committee, that in the final analysis it is the Minister of Transport who lays down the regulations regarding the acceptance of applications for licenses. This does not fool me, and I am quite sure it does not fool any member of the television committee. The C.B.C. decides the final attitude and advises the Minister of Transport or, in this case, the Minister of National Revenue, what should be done. I know of no gentleman for whom I feel more sympathy than the Minister of National Revenue when he has to present these arguments to the house, because no man with common sense could really believe what he has to say. The C.B.C. is supposed to advise him on C.B.C. matters. I am quite sure the minister would know, as I do, that some of the advice they give him is something children might understand, but certainly not members of parliament.

Here we are faced with a situation in British Columbia, and elsewhere in Canada, where we are allowing Canadian money to go down to the United States to sell Canadian goods to Canadians. My people in Burnaby want a television station. I do not care who gets the television station, but I want the C.B.C. and the government of Canada to say to my people, "Send in your applications for a licence and we will look over the whole works; we will pick out the best one." I want nothing whatever to do with it. There is a million and a half dollars available in Burnaby to put up a private television station. There is no reason to prevent that being done, except the fact that the C.B.C. have advised the government there should be a single coverage policy. What single coverage policy? We have two Seattle stations, one Tacoma station and one Bellingham station being beamed into Vancouver every five minutes of the day. Ninety per cent of our television advertising is now going to the United States, to these stations.

Let us be fair to Canadians. Let us be fair to my constituency. We are not asking the people of the United States to take shares in these stations. We are not saying that the United States is going to control this station.

I am telling the minister through you, Mr. Chairman, and because I know the gentleman for the C.B.C. is here I am telling him too, that they are Canadians with 100 per cent Canadian money, ready to put up a million and a half dollars for a television station. They will be spending money that is provided to them in part by Canadian advertising people who want to sell Canadian goods to Canadians through a Canadian television station. Now, if there is no sense to that argument, if I am not on the right track, let someone tell me. They have not been able to tell me that in two television committees, and I do not think anyone can argue against the proposition now. All we are asking is to take Canadian advertising money out of United States hands and put it into Canadian hands.

I am quite sure that somebody will make the argument here that we must not violate this single coverage policy. I am not too sure that Mr. Fowler is sympathetic to that point of view. He talked to me quite a while about the single coverage, as officials of the C.B.C. know. He could not see the fairness of it, either. He perhaps did not argue the way I would, but there were some doubts in his mind as to whether British Columbia—he confined his remarks to that—was being treated properly, because he had had the opportunity of viewing United States television stations sponsoring Canadian advertising.

I have mentioned this fact many times in the house. I have put up the best arguments I can in the television committee. I have everybody in Burnaby behind me; the Burnaby council; the South Burnaby board of trade. Everybody who carries any weight in Burnaby-Richmond says he wants a private television station. We are coming to the point now where we are suspicious of our own policy, because we have appointed a commission to either justify that policy or make some changes.

Let us make the changes cleanly. I am not asking for private television stations right across Canada. I am not saying that every little two-bit operator with a million dollars should be allowed to put up a television station. I am not saying that Horsefly, British Columbia, should have a television station because there are 35 people there. I propose to the minister and the C.B.C., in all sincerity that they give us a television station within the confines of the B contour.

The C.B.C. told me in the committee that they did not propose to build another C.B.C. television station in Canada. That is what Dr. Dunton told me in reply to questions. If I am wrong I know I will be corrected. The answer was given to me that there will not be another C.B.C. television station in Canada. All right; if that is true they have arrived at the point where they have no further proposals to spend capital money in building stations. Then let someone else give Canadians in British Columbia some Canadian programs.

Lately the argument could be used that we have allotted a licence to Victoria, B.C. That only substantiates my argument. No one is going to say—and the C.B.C. has the final say on these things—that Victoria will not overlap the B contour in Vancouver. No one will argue with me that Hamilton does not overlap the B contour in Toronto, because the officials of the Department of Transport will tell that story. I am only saying that if you can give me a directional signal that will reach the boundary between Vancouver and Burnaby I will be satisfied. You cannot do it, but I am willing to go along with that. I am supporting as best I can the request of 80,000 people of the second largest populated area of British Columbia, who says, "We want to spend our money in television; we want Canadian goods televised and advertised to us by Canadian money through Canadian stations". I am going to fight in this house whether I am in order or out of order until Burnaby gets its own station.

Mr. Barnett: May I ask a question, Mr. Chairman? I should like to ask the hon. member for Burnaby-Richmond whether he considers the sole function of a television station to be that of an advertising medium?

Mr. Goode: No. No one with any sense would say that a television station should be only an advertising medium. I will tell my hon. friend that my riding is, I think, not more than seven or eight air miles from the C.B.C. installation in Vancouver, yet I have many hundreds of people in my riding who cannot receive Canadian television of any kind.

Mr. Low: Mr. Chairman, I do not often speak on the C.B.C. estimates because that has not been my particular responsibility in the group which I represent, but the hon. member for Macleod, who usually takes care of this section of our responsibilities, is not here at this time. Illness in his family makes it necessary for him to be away. I did think that today I would take just a few minutes of the time of the committee to comment on some of the things that have been said, and particularly on the policy under which the C.B.C. operates.

I can imagine that as the chairman of the board of governors sits in this committee in

front of the minister and listens to all the things that are said he must get a bit red in the ears. I am not going to help that very much today, I am afraid, because I believe he needs to have his ears pinned back just a little bit in this committee. I think we ought to talk very bluntly and straight to him as well as to the minister, and let them know exactly what we think about this whole C.B.C. situation.

I am always interested in listening to anything the C.C.F. defend. When they rush to the defence of anything it is a sure sign that they think its administration, its policy and so on are all in their favour, and today we saw another example of what we witnessed here some few years ago when the leader of the C.C.F. rose in his place and in his very ardent and earnest defence of the Canadian Broadcasting Corporation also charged the private stations in Canada with being guilty of treason, and indicated that because they were guilty of treason they should have their heads cut off, and so on.

Well, as I said, I am always suspicious of anything the C.C.F. go for in a big way, and when the spokesman for the C.C.F. said today that he hoped these silly remarks—I am not going to say whether or not I agree with their being silly—made by the hon. member for Hamilton South would not cause the people of Canada to repudiate the C.B.C.; when I listened to that and then what followed, I could not help feeling that the C.B.C., its whole set-up, its regulations, the statute governing it and the policy laid down for it by the government, all favoured the leftists' point of view, favoured the very thing for which the C.C.F. have constantly stood. It is a socialist conception; it is a socialist-administered body, and it most often portrays the socialist, leftist point of view. That is the reason we see them exulting over the C.B.C. and hoping that nothing will turn the Canadian people against it.

They do not want a change. Mr. Chairman, that is one of the very best reasons in the world why the minister had better take a look at this thing and the chairman of the board of governors with a view to seeing that it is changed and brought more in line with the spirit of free enterprise, if that is what you believe in. If you do not, then of course let it go on the way it is going, because you have not a free enterprise set-up at all, and you never will have under regulations such as you have today, and the statute and the policy laid down by the government. I am talking very straightforwardly about it. I am not blaming the minister nor the chairman of the board of governors of the C.B.C. The responsibility has to be taken by the whole government for this thing.

[Mr. Low.]

My hon. friend of the C.C.F. spoke about quite a number of things in connection with the C.B.C. but, in the main, he defended the whole set-up and pleaded for no change. Well, now, I have never had too much time to listen to the C.B.C. network commentators in the past, but I did this past winter. I was forced by an illness to remain in bed for quite a long time, and I had ample opportunity to listen to commentaries, both from foreign commentators and from our own in this country. While I was convalescing I paid particular attention to what was going on, and I can understand, after listening very carefully to these commentaries over several months, why the C.C.F. exults over the C.B.C. and what is going on, and will rush to its defence so constantly.

I listened to such men, for example, as Milton Shulman, Marcus Long, Leonard Beaton, Murray Ballantyne, Alex Josey and others, some from Britain and some from Canada; and in every single case as I listened to those commentaries they slanted news strictly to the left. They played up the weaknesses of British policy when they were speaking, for example, of the situation in Cyprus, in Malta, or in any other place, such as British East Africa. I heard one of them talk about Kenya. They slanted their commentaries strictly to the left and ran down British policy. They could not have done a better job of trying to destroy the commonwealth and its unity if they had been communists themselves.

I could have understood that if within a matter of a few days, a week or two weeks, I had been able to listen to commentaries that presented the other point of view; but, Mr. Chairman, I listened in vain. There was not a single instance of the other point of view being given a chance on the C.B.C. Is there any wonder that British policy has come under very great, destructive criticism; is there any wonder that the commonwealth is being weakened? Is it any wonder that people are coming to think more and more leftist all the time? I charge the C.B.C. with the responsibility of refusing or neglecting, one or the other, to give an opportunity to commentators on the other side of the question to present their views in order to balance this thing up. I have been told on several occasions that the C.B.C. does try to present a balance. Well, if they do I must say that in all the months I was required to lie in bed, when I had nothing to do but listen to the commentaries and news broadcasts over television, I never heard one single effort made to present the other side of the case; that is the pro-British, pro-private enterprise, the pro-policy regarding, let us say, the right of the self determination of people.

Not once in all the time I lay there listening to these commentaries did I hear one rightist objective talk about places like Cyprus. I never once heard the fact mentioned that Greece had never been in possession of that land. I never once heard that a great proportion of the population on Cyprus is Turkish. I never once heard it emphasized to the public that if the island and its people were given over to the complete control of Greece, these many thousands of Turkish residents who have just as much right to be there as the Greek residents would be at the mercy of a group of—what shall I call them? I cannot find words to describe them. They are nothing but anarchists who want to gain control by force. What better are they than communists? Not a bit better.

Under the circumstances it would seem to me it is the responsibility of the C.B.C., which chooses these commentators, to see to it that the other side of the question is given as much prominence as the leftist side is given.

Mr. Philpott: What about Wilson Woodside? Did you not hear him this year?

Mr. Low: I am sorry but I did not.

Mr. Philpott: He has been on several times.

Mr. Low: As I said, during the period of months when I was on my back and listening carefully to these broadcasts I did not hear one single commentator present anything but the leftist side of the case. It may be that Wilson Woodside occasionally gives a newscast that presents a more objective view or that plays up the right side, but if so he is one of the very few. He is like a voice in the wilderness.

An hon. Member: Hear, hear.

Mr. Low: I hear one of my C.C.F. friends saying "Hear, hear". He agrees with what I said. He does this, of course, because it is true.

The hon. member for Hamilton South spoke at some length about slanting newscasts. I am not going to comment whatever on what the hon. member said, except to say that what he said is in large part very true. There was serious slanting done in relation to the news during that period when we were having the pipe-line battle in this house. I would like to mention an incident that occurred about that time over the C.B.C. television network which is not a case of slanting but one of absolute falsification.

I was lying on my back at home one evening listening to a telecast; I believe it was "Press conference". One of my colleagues, the hon. member for Macleod, was being interviewed by a group of people amongst whom was Grant Dexter of the Winnipeg *Free Press*. At one stage Mr. Dexter referred to something that had happened just a day or two before in the house concerning my friend the hon. member for Bow River.

During the course of one of his addresses the hon. member for Bow River pulled out a dollar bill and said something to this effect: "Now, what is it that gives value to this?" He referred to the fact that the bill was signed by officers of the Bank of Canada and proceeded to read the names on the dollar bill. He mentioned the name of Mr. Coyne who is the governor of the Bank of Canada. Now this bird, Grant Dexter, up in the gallery, took for granted that he had deliberately mispronounced it, and on the "Press Conference" program to which I have referred he charged—

Mr. Hees: Mr. Chairman, on a point of order. I do not think it is fair to refer to a member of the press gallery who is not able to defend himself as a bird.

Some hon. Members: Oh, oh.

Mr. Hees: Mr. Dexter should be referred to as a man, which he is.

An hon. Member: He was looking at you.

Mr. Sinclair: You should practise what you preach.

Mr. Low: Does my hon. friend who has raised the objection think anybody could ever win a battle against a columnist in his own column? My goodness, don't think we are so naive, my friend, as to believe this is true. Mr. Dexter will have plenty of opportunity to reply to me through the columns of the Winnipeg *Free Press* and by other means. He will say what he thinks about me; in fact, he has done that already. I would not have a ghost of a chance.

Mr. Chairman, let me now return to what I wanted to say. If this is distasteful to my hon. friend he can always leave. There is a nice room back of this chamber where he can cool his heels.

Mr. Hees: I just do not believe that you should make remarks like that concerning a man who cannot answer back.

Mr. Low: Oh, he can answer back.

Mr. Johnston (Bow River): Mr. Chairman, I think the hon. member for Peace River should be permitted to continue what he is saying.

Mr. Low: Well, Mr. Chairman, this bird up in the press gallery—

Mr. Knowles: Mr. Chairman, just in order to avoid confusion I think it should be mentioned that there are two gentlemen in the

press gallery by the name of Bird, so we had better be careful how we refer to them in order to keep things clear.

Mr. Low: Thank you. I shall be more specific. This gentleman, Mr. Grant Dexter, went on the C.B.C. and prostituted his very grave responsibility by twisting and falsifying what the hon. member for Bow River had actually said. He tried to make it appear that the hon. member for Bow River and his colleagues were anti-Semitic by saying that the hon. member mispronounced the name Coyne as Cohen.

Mr. Knowles: Did he not? He certainly did; I was here myself and heard it.

Mr. Johnston (Bow River): I was the one who said it, and just because you did not understand it does not mean that I said it. I did not say "Cohen".

Mr. Knowles: In this instance I will support that bird Grant Dexter.

Mr. Nicholson: I was here and I heard my hon. friend pronounce the name twice, Mr. Chairman.

Mr. Thomas: He pronounced it correctly each time.

The Deputy Chairman: Order. I think I should point out to hon. members, both those of the same political party as the hon. member for Peace River and those of other political parties, that the hon. member should be permitted to continue his speech without interruption.

Mr. Low: Thank you very much, Mr. Chairman, for mediating in this squabble. As I said, Mr. Chairman, it is a prostitution of the grave responsibility of the press when a man goes on the air and attempts to absolutely falsify a thing which was said in this house, and to twist it to his own liking. In this case I charge that Mr. Dexter, who enjoys tremendous freedom in this country, ought to have measured up to the responsibility devolving upon him, and should not have tried to deliberately falsify something which, if it amounted to anything, was at the most a mere trivial incident that anybody could overlook if he had a clean decent outlook on things. I mention this as an example of the things you frequently hear on the air.

The C.C.F. spokesman said in the course of his address that the private broadcasting stations were doing very well. I do not know why, but he used as an excuse for the fact that the C.B.C. is not able to compete with the private stations and is unable to show a favourable result the reason that they are expanding and building stations and generally increasing their facilities. The C.B.C. have never been able to compete with private broadcasters, even before they started setting up new radio and television stations. They never have shown equal results and they never will. There is just that difference between socialism and interested private ownership and management. I submit that the private broadcasting stations in this country are doing well and under the circumstances I think they are doing very well. They would be doing a whole lot better if they were not subjected to the overriding control and oftentimes the dicta of people who consider themselves to be completely omnipotent in exercising their powers.

Mr. Bryson: My reference to the private stations doing well was strictly in connection with the financial end, not the service.

Mr. Low: I will go further and say that they are doing well in service. I want to tell you that the C.B.C. will not do what private stations are doing. By the way, my hon. friend is one of the beneficiaries of the private stations which make it possible for every hon. member of this house to make regular reports to their people free of charge while they are here in parliament. The C.B.C. says, "We will grant to this party four telecasts; to this one, three; to this one, two; and to this one, one." It is even worse than that when we come to sound broadcasting.

Let me indicate just what the private stations of this country are doing. I know personally that in many cases they are going far beyond the call of any financial return or obligation. I should like to refer just briefly to station CFGP at Grande Prairie in the Peace river country. As I have travelled through Peace river constituency I have listened day after day to that station and have heard them providing a service to the people of that constituency, not only in the form of newscasts and commentaries and that sort of thing but by providing during certain hours lovely music played by artists in their own studios, particulars of people who have recently taken ill, reports from hospitals to the people at home on how their sick ones are getting along, and all that sort of thing.

Many of these private stations are performing almost heroic services for the people they serve. If they make some money out of the advertising which is paid for by private business, then I simply say that is all to the good. It is fortunate that they can get this money out of the advertising so they can carry on and give the service they do. I shall defend these private stations and what they are doing. I want to make it abundantly clear that it has been my experience that many of these stations are going away beyond any call of duty, away beyond what they are required to

do by the C.B.C. They are helping people in many ways which are never made known in this house.

I do not know how much time I have left, but you call me to order, Mr. Chairman, when it is up. I want to say a word about government policy, because the C.B.C. operates under government policy. The statute authorizing the establishment of the C.B.C. set up a crown corporation which was given authority to operate radio and television stations across Canada. The corporation is doing that. The same statute gives the C.B.C. authority to draw up rules governing the conditions under which private stations may compete with the C.B.C. The statute also clothes the C.B.C. with authority to regulate those competitors.

The hon. member who spoke for the C.C.F. denied that there was any such thing as a judge-jury complex in this business. If he or any other C.C.F. speaker will explain how you can get away from a judge-jury complex under circumstances like that I shall be prepared to listen. I would like to hear my hon. friend give an explanation, and he will have another chance to speak.

Mr. Bryson: On a question of privilege, I should like to explain my position once again. I maintain that there is only one body broadcasting in this country, that the private stations are operating in conjunction with and as an adjunct to the C.B.C. There are not two separate organizations. My argument is that they are not in a competitive position.

Mr. Low: That is an absolutely fallacious argument. They are in a competitive position; they are constantly in competition. When they go into competition who is it that has the final say, who is it that clamps down on the private stations and says they have a position of priority? It is the C.B.C. The policies governing the C.B.C. are a hodge-podge of socialism and private enterprise, with socialism having the upper hand. That is what I am complaining about.

In my judgment the private stations have done a magnificent job under the circumstances, but I am wondering how much more they could have done if they had not been circumscribed, if they had not been kept down by the weight of C.B.C. regulations. The government policy is a straight out and out denial of free enterprise. In my judgment it encourages the board of governors to look upon themselves as absolute dictators and omniscient manipulators. Not only that, the government's policy in many respects is most contradictory.

Let me tell you why I say that. The government's policy says that the C.B.C. and the government of Canada can go into the broadcasting business, but that no other government or crown corporation in Canada can. What kind of consistency is that?

Mr. McCann: That was decided by the privy council.

Mr. Low: What was decided by the privy council?

Mr. McCann: The matter of whether the government of Canada or the governments of the provinces had jurisdiction with reference to the use of the air.

Mr. Low: I am not talking about that. The minister has missed the whole point, and I shall explain it to him. We do not need to get hot about it. I said that the policy laid down in the statute setting up the C.B.C. is completely inconsistent in that it provides for the government of Canada to go into the broadcasting business, which it did through the C.B.C., but it denies the same privilege to a government in any other part of Canada.

Mr. McCann: That is the exact point that was decided.

Mr. Low: It is quite true that with the C.B.C. statute before them the supreme court would rule in favour of the government of Canada. Of course it would. What I am getting at is that the government provided themselves with a policy by law governing the air waves, and in the operation of that law and policy they will not allow the government of a province to have a radio station. If it is good for the one, why should it not be good for the other? All you need to do is to simply provide for it under the regulations. You have that power, but you will not. You hide behind a supreme court decision and claim that gives you justification for not granting a licence to a provincial radio station.

I had some experience with this. Up to 1939 radio station CKUA was owned by the University of Alberta. That station gave most excellent service in many fields; in the field of school broadcasting, in the field of classical music, in the field of religious broadcasts open to every denomination, Protestant, Catholic, Jewish and Moslem in the province. Eventually it got to the stage where it wanted and needed to expand its power and facilities so as to reach the other parts of the province, because the C.B.C. would not allow private networks under regulation 14. So the university came to the provincial treasurer and asked him for some more money.

When we talked the whole matter over we decided that the only way we could justify expanding the facilities was to place the station not under the university but under

the department of telephones of the province, so they would have the advantage of the engineering facilities, technical know-how and so on. We did expand the facilities, and then we applied to the C.B.C. for a commercial licence. That was all we needed, a commercial licence, in order to put that station on an even basis with other stations in the city of Edmonton and northern Alberta.

That application was made in 1941, again in 1943, 1944 and 1945, and it was turned down each time on the ground that there was not room for another station in Edmonton. That was the ground; it was not on any constitutional ground at all. That position was maintained all the way through, in spite of the fact that the department of telephones had gone to the expense of expanding the facilities and building up the power so the advantages of the university broadcasts could be enjoyed all over the province, particularly because of the failure of the C.B.C. and this government to allow private networks so the other radio stations could carry those excellent school programs, 4½ hours per week of "School of the Air" for educational purposes. Yet the C.B.C. turned down the application for a commercial licence because they said there was not room for another station. Since that time two other stations have been opened in the city—

Mr. McCann: How long was it used for political broadcasts?

Mr. Low: It was not used at all for political broadcasts. That is exactly the point of view I expected from the minister, "How long was it used for political broadcasts?" It would have been wonderful had it been open constantly for Liberal broadcasts so the minister and his colleagues could use it, but if there was any possibility of anybody else ever using it, then, "No, sir; the C.B.C. will grant no licence." That is typical of that attitude of the Liberal party.

We meet regularly, in what we call these interparty meetings with the C.B.C., to work out the division of free time on the "Nation's Business" broadcasts. In almost every single one of those, Conservative, C.C.F. and Social Credit have pleaded with the C.B.C. to divide the time equally—

Some hon. Members: Oh.

Mr. Low: They say "Oh." Let me just point out—

Mr. Philpott: It is slanted on your side now.

Mr. Low: My hon. friend says, "It is slanted on your side now." He takes for granted that all the opposition members do is poke at the government. He takes for granted that whenever we get on the C.B.C. networks all we do is try to tear down the government, everyone on this side. That is not true. There are some in this house who still have some statesmanship in them.

The Deputy Chairman: I am sorry, but it is my duty to advise the hon. member that his time has expired. Of course with the consent of the house he may continue his remarks.

Mr. Low: I would not want to go on at this time, but I shall have more to say about this interpolation that the hon. member for Vancouver South made.

Mr. Philpott: I guarantee right at the beginning that I shall not take as much time as some of the members on the other side of the house, but first let me make some remarks on what has just been said by my good friend the hon. member for Peace River on the question of commentators, because this is a question on which I am a little sensitive myself—

Mr. Low: I can understand that.

Mr. Philpott: —having been a commentator both for the C.B.C. and for the private stations for a great many years. I would say that as far as I was concerned, of the different jobs I have had in this house, on newspapers or in any other walk of life, I never had to work harder for the money I got—and it was not too much at that—than I did as a commentator on the C.B.C.; because on that job, believe me, you are on a really hot spot indeed. My opinion, for what it is worth, is that whatever else is wrong with the C.B.C.—and I think there is plenty wrong with the C.B.C., about which I intend to mention a point or two in a minute—there is nothing wrong with the C.B.C. on two scores; first, they try to be absolutely fair and are absolutely fair in their political broadcasts.

Mr. Low: I deny that most vehemently.

Mr. Philpott: This country has the fairest system of political broadcasts of any country in the entire world, bar none, with the possible exception that it is definitely slanted in favour of the opposition, especially the minority of my hon. friend.

Some hon. Members: Hear, hear.

Mr. Philpott: My second point is that the C.B.C. tries very hard—and succeeds, I think, very well—over the years in the extremely difficult field of providing a balance of political comment. If any of you think it is an easy job to provide a balance in political comment, or for that matter even to provide fair comment in the newspapers of this country, I suggest that you

take on the job yourself for a while. I know, as an old newspaperman of 33 years' experience, that everybody in Canada thinks he can run the newspapers better than the newspaper editors, and I also notice that same characteristic applies a little to radio, because it seems to me that just about everybody in Canada thinks he can run the radio better than the professionals who are in charge of running the radio. I just do not happen to think it is true.

When you get down to picking out political commentators in a country like Canada, with all the diverse interests and diverse political backgrounds that we have, it is not the easiest thing in the world to get a balance of commentators. I myself have had some experience from time to time in trying to get up panels. Not so long ago the program "Town Meeting of the Air" was getting up panels of three or four speakers of different parties so as to make a balance. The difficulty is quite obvious. There is a great and growing scarcity of right-wing Conservative speakers who are both intelligent and vocal and who are willing to go on the air and do the job. So you are always left with a lop-sided panel. You always have plenty of good vocal Liberals, and you might also have some good vocal leftists. We certainly have enthusiastic Social Crediters willing to go on any and every panel.

Mr. Low: They are never asked.

Mr. Philpott: But it is not the easiest thing in the world to get a balance which suits all the people of Canada. I must say I was truly astonished to hear my hon. friend from Peace River suggest as leftists the names that he mentioned.

Mr. Low: I did not say they were leftists.

Mr. Philpott: I understand that two of the names you mentioned were Murray Ballantyne and Marcus Long.

Mr. Low: Mr. Chairman, may I correct my hon. friend? I know he would want to have it correctly. I did not say they were leftists. I said that in the commentaries made by these whom I named and many others, more often than otherwise their comments were slanted heavily to the left. I did not name any one of them as a leftist.

Mr. Philpott: I happen to be a little luckier than my hon. friend. I hear some of the comments by C.B.C. commentators on the other side. I heard a very good commentary by Mr. Wilson Woodside, who not so many months ago ran as the Conservative candidate for Trinity and is a man who could not by any stretch of the imagination be called a leftist. Then I often hear, and with great pleasure, Mr. J. B. McGeachy, until recently of the *Globe and Mail*. I do not think we can call Mr. McGeachy a leftist.

Mr. Low: There are many of us who could.

Mr. Philpott: If that is the case I think we had better skip that matter, because we cannot find any common ground.

I rise at this time particularly to support my colleague the hon. member for Burnaby-Richmond in expressing quite candidly what I think is the opinion of British Columbia. During the Easter recess we had the largest and most enthusiastic Liberal convention that has ever been held in the history of the province, at which people from all over the province of British Columbia devised a new platform for the party. One of the points which was passed by an overwhelming majority was that there should be in Canada a new name for the controlling body of radio and television in this country. I forget exactly what they called it, but the substance of the recommendation was that instead of having a board of governors in charge and control over both the C.B.C. and the private stations, we should have a new independent tribunal over both of them.

At this point may I say that while I am personally in favour of it and shall certainly support it, as I supported it in this house some three years ago, I do not believe there was in that proposal as much substance as there is in the proposal made by my colleague the hon. member of Burnaby-Richmond. In my opinion it will not make very much difference what may be the name of the body that controls radio and television in Canada, because if they took effective control of radio and television in Canada all they would do would be to put in my good friend Mr. Davidson Dunton as chairman of the new body. They could not find a better man in Canada. He is by far the most competent radio and television man there is in Canada. Hence all that it would do would be to give a new title to an old job. But I think it would perhaps take the C.B.C. out of the false position in which it is so often accused of being, namely of being both judge, jury and policeman and all the rest of it. It would take it out of that false position.

But as to the question of competition in Vancouver and in British Columbia generally, I am personally quite convinced that at least 95 per cent—or I suppose I could go even higher than that and say well over 95 per cent—of the people of Vancouver certainly cannot see any sense in our being forced to choose between listening to or viewing a C.B.C. television station and the competing

private stations in the United States. We believe in competition. We believe in plenty of competition. The only thing in which I differ with my hon. friend the hon. member for Burnaby-Richmond is this. He wants to put up some kind of iron curtain around the borders of Burnaby. I do not think that would be quite practical.

I think perhaps this is what differentiates me from some of my friends immediately opposite. Sometimes I have noted in them what I would call a hostility to private enterprise as such. Some of my hon. friends even seem hostile to the idea of anybody starting a private television station and making money. For what it is worth I say this. If 50 people construct private stations and make money, that suits me fine. I think we can do with one or two of them in and around Vancouver, and all to the good. My policy is to let anybody do anything in the way of private business as long as he is not doing anything that hurts anybody else.

That brings me to an extremely important point. I will frankly confess that if anybody could show me that it was impossible to licence these competitive outlets and still maintain the C.B.C. in the prosperous and sound condition in which it is from coast to coast, I myself would be against any change. Let me make this absolutely clear, Mr. Chairman. I regard the C.B.C. as perhaps the greatest single agency which has yet been built up in this country for the creation of national unity and harmony in this Dominion of Canada. Whatever else we have or do not have, let us never forget the great debt we owe to the C.B.C. It has done a great service to the people of Canada, and it is doing a great service right now.

It is not perfect. I have never met any perfect people. I have never known of any perfect political parties. I have never seen any perfect newspapers. I do not know of any perfect institution anywhere. The C.B.C. is not perfect. I do not expect it to adopt all my ideas or to agree with my ideas which are fairly lowbrow in some respects. For instance, every night is Wednesday as far as the C.B.C. are concerned. They have too much Tschaikovsky and not enough cowboy music, especially in the morning; and I cannot "go" Tschaikovsky before 10 a.m.

I do not expect everybody to agree with me. By and large I think the C.B.C. is doing a wonderful job. Whatever else we do or do not do, I think every intelligent and patriotic person in Canada should make absolutely certain that we keep the C.B.C. in operation, and that we put up whatever amount of money is necessary for that purpose from time to time. While I for one would not dream of trying to anticipate anything the Fowler commission might recommend, I certainly have no compunction in expressing my own personal hopes. Those hopes include the one that, whatever is recommended, the C.B.C. will be kept in flourishing condition; that it will be given the means to do its own job; that it will have taken away from it some of the tasks which it ought never to have been given in the first place and which put it in a false light with regard to some of its own competitors.

Regardless of how the money is raised to finance the operations of the C.B.C., it seems to me that if the C.B.C. can continue to do as good a job for the people of Canada as it has done in the past, it could come before the parliament of Canada every year with its budget and ask for whatever amount of money it needed to do a good job and be reasonably sure of getting it from this house and from the people of Canada.

Mr. Dinsdale: Mr. Chairman, there is one thing of which we can be certain when we discuss the estimates of the C.B.C. There is always a great variety of opinion. Certainly this afternoon, in the speakers who have taken part thus far, we have seen the same situation repeat itself. I think it was in the issue of April 2, 1955, that *Maclean's* magazine presented an extremely interesting article under the heading, "Everybody Throws Rocks at Davey". In that article they were referring to the chairman of the board. A few rocks have been thrown this afternoon and also a few bouquets. I am not going to decide just how the score stands at the moment.

However, Mr. Chairman, I would suggest that by the very nature of things there is bound to be long and bitter discussion on a subject of this kind, where you have a broadcasting agency growing larger and larger and more powerful and more powerful under the control of the state. It has been said by some speakers here this afternoon that we have a public utility in the C.B.C., providing a public service. In some respects that is quite true. In this instance, however, we have a public utility, we have a crown corporation dabbling in the very controversial arena of ideas. There are as many ideas or different opinions as there are people in this world. When the broadcasting media are under the control of the state, as they are at the present time, we are bound to have great difference of opinion and rather acrimonious debate.

Actually it is a good thing that we have this opportunity of discussing the C.B.C. estimates at least once a year. Even from the comments that have been made already it is

obvious that there is a need for changes in our broadcasting policy, and that there is need for very careful criticism and analysis. I think that has been recognized in the appointment of the Fowler commission which, very shortly, will be bringing in a comprehensive report on the state of broadcasting in this country. Upon that report members of this house will be able to base a more or less comprehensive judgment as to what shall be done in the future.

I listened to the statement of the Minister of National Revenue yesterday and today in reporting to the house on the operations of the C.B.C. As he gave us his statement the thought occurred to me that the C.B.C. has a lion by the tail in broadcasting matters in Canada, particularly since the advent of television. This applies particularly to the rapidly rising costs of providing an adequate television service. The minister's report suggested that we have increased coverage; we have increased programming, and what is perhaps most important, we have increased costs. Everything in the field of broadcasting in the last four years has been getting bigger and "better"—I will put that last word in inverted commas in relation to the C.B.C. activities. I am quite willing to agree that the level of C.B.C. programming has improved in the T.V. medium, but that is to be expected when we recall the tremendous amounts of money that are being devoted to this new mass medium of communication.

However, Canada is rich in talent. There is no reason at all why Canada should not be in a position to provide programs that are equal to the best that can be provided by broadcasting activities in any other country. It is not because the C.B.C. is largely a state operation that we have excellent programs. Under any conditions of broadcasting we would have this same talent available. It could be argued, of course, that the state monopoly of broadcasting, rigid state control, might serve to inhibit creativity rather than stimulate it. Other major countries which are extensively engaged in telecasting at the present time also present worth-while programs.

I am glad to see that the C.B.C. is going to extend its activities so far as the international exchange of worth-while programs is concerned. I suppose the country which has the greatest output of high calibre programs for various reasons is our neighbour to the south, the United States. They have the resources, the talent and the manpower. They also have the greatest degree of freedom in broadcasting activities. I have before me a report that I took out of a U.S.S.R. picture magazine for May, 1956. It reports extensively on the aims and tasks of broadcasting in the U.S.S.R. There they have a state-controlled broadcasting service, of course, and the paragraph which sums up their objectives says something to this effect: The Soviet people do not regard the radio solely as a means of getting news or entertainment. They regard it as a means of broadening their store of knowledge and of keeping in contact with all the developments in world culture. It is in line with this approach that radio programs and television programs are worked out. They go on to outline the kind of programs they are doing in that country.

It is quite true that there are various ways of handling this important medium of communication in Canada which, in a relatively short time, has made a fair degree of progress. But I still say it is possible to argue that the rigid control in this country has inhibited rather than encouraged creativity. The matter of programming seems to be the main reason for the rapid rise in the cost of Canadian telecasting. I should like to raise a query as to whether, in order to carry out the announced functions of C.B.C., it is advisable for us to concentrate so extensively on the provision of light entertainment. There are several fairly costly programs of this kind that are promoted by the C.B.C. Most of them are imitations of similar United States variety shows, and are justified as talent producers. Unfortunately, as the minister mentioned last night, as soon as the artists achieve any degree of fame on the network in Canada there is a tendency for the talent to be lured across the border, where the opportunities are wider and the financial inducements greater.

The minister explained that phenomenon as an indication that Canada has reached maturity in the talent field. It is a rather left-handed compliment to Canada that our entertainers are invited across to wider fields in the United States talent market. That, of course, is one explanation; but it is a phenomenon that has unfortunately been occurring for years, that Canada's outstanding talent, not only in the entertainment field but also in other professional fields has been going to the United States. It is something that has not been in the best interests of the country.

I think there is another explanation that might be given, and that is that there is under the present semi-monopolistic position of broadcasting under the control of the C.B.C., no other outlet for entertainment talent in Canada. If a professional entertainer does not find favour with the C.B.C. he has no other place to turn in Canada, and therefore must find his way across the border.

This situation arises particularly because of the C.B.C. monopoly of network facilities.

The criticism is made from time to time that the private broadcasters have not encouraged Canadian talent to the same extent as the Canadian Broadcasting Corporation. Well, that is quite understandable when we realize that in order to provide programs of the same high calibre it would be necessary for the private operator, under existing regulations, to carry the full burden of the expense on his own financial resources, whereas the C.B.C. with its broad national network resources can pool the expenses right across the network, as well as being subsidized by the public treasury. If the private stations had the same privilege of pooling expenses there is no doubt they could make a broader and wider contribution to the improvement of programming in both the radio and television fields.

The basic function of the C.B.C., the original purpose in establishing a national service, was to knit Canada together as a closer national unit. The hon. member who has just resumed his seat, the hon. member for Vancouver South, said that the greatest contribution in this regard has been made by the Canadian Broadcasting Corporation. I was glad to hear him make that confession, because hitherto I had always heard it was the Liberal party that had made the greatest contribution in that regard. I will say that the C.B.C. has done an outstanding job in establishing a national point of view—

Mr. Philpott: Different fields, entirely.

Mr. Dinsdale: —in helping to knit this diverse geographic expanse together, and that was one of the original basic purposes in establishing a national Canadian broadcasting system. Second, there was the important function of bringing a Canadian content, in the first instance, to our radio programs and now to our television programs. These same functions still remain, and it is in these areas that C.B.C. can serve its most useful purpose. But here again I should like to suggest that as changes have taken place in broadcasting in Canada, the private operators have moved into this area to a much greater extent than was originally expected. For example, we have now some 150 private stations helping to weld Canada together culturally as compared with some 30 C.B.C. radio stations—I am not sure of the exact number—and even in the television field there are more private outlets today than there are C.B.C. outlets.

Notwithstanding the limited resources of the private broadcasters, that have risen from the circumstances I outlined a few moments ago. They have been doing some quite worthwhile programming. Therefore, while the C.B.C. has for its two basic functions the matter of national unity and the provision of Canadian content, I think their job today has been lessened considerably by the increase of influence and responsibility of the private broadcasters since the advent of national broadcasting back in 1932.

Perhaps we would be able to deal with this problem of rapidly accumulating costs that has been mentioned by the minister as the bugbear of telecasting in Canada if we used to a greater extent than we are using at the present time the broadcast facilities that are so readily available through the operations of the private stations. Certainly the C.B.C. expenses could be reduced considerably by this method.

I notice that a few days ago—I think it was mentioned in this house—that an experiment was going to be undertaken to make it possible for private operators to carry on a limited network operation. I think that is a step in the right direction, because there is no reason at all why the private stations should be restricted to the local spheres of operation, as they have in the past, and not given wider access to the national radio or television listening audiences. Certainly, it would provide a more representative program and better cultural coverage of the nation if we could get more programs from the local community level than we do at the present time. Under the present set-up a good many of our programs tend to originate in the larger urban centres, which might not necessarily be truly representative of Canadian grass roots culture.

I agree with the minister that we should leave a comprehensive discussion of broadcasting until such time as we have the Fowler report before us, but I do want to mention this one further matter before I resume my seat, and that is the question of the regulation of broadcasting in Canada. This group has never disagreed with the principle that regulation of broadcasting is needed. Obviously, in a communication media so important and so influential as broadcasting, regulations are needed and are carried out in all countries at the present time. But there does seem to be a growing demand for some independence of regulation in Canada.

I raised this issue at the present time because of something that occurred in the Manitoba legislature last March. In view of the fact that I am a member from Manitoba I think it is important that the Manitoba point of view be placed on the record. Certainly we would avoid a lot of the bitterness, a lot of the misunderstanding that arises from time to time in discussions on the C.B.C. if we could remove the suspicion that there was too close a link-up between regulation and the government, for example.

Earlier in the debate we had a suggestion from the hon. member for Hamilton South that the C.B.C. errs too far in favouring the opposition, and he seemed to be bringing forth the thesis that unless the C.B.C. is speaking on behalf of the government it is not performing its function adequately. That seemed to be the implication of his statement.

An hon. Member: No.

Mr. Dinsdale: Well, he was criticizing the C.B.C. because it seemed to favour the opposition point of view in a particular debate that took place in this house.

Mr. Philpott: Surely the hon. member realizes that the whole point made by the hon. member for Hamilton South was the allegation, which he backed up by some evidence, that during a certain debate in this house the news reports were slanted in favour of the opposition. He was not pleading for propaganda; he was pleading against slanted news reports.

Mr. Dinsdale: That was just his opinion. Then he went on to say further the only way that could be overcome would be by having C.B.C. reporters in the gallery, which suggested that they might be more amenable to the government point of view. That was the implication behind his presentation, as I took it. Rather than move in this direction I think it is imperative that we set up some sort of independent regulatory body to avoid any suspicion of that sort of close tie-up between the government and its broadcasting agency, the Canadian Broadcasting Corporation.

I have in my hand a long statement that was made in the Manitoba legislature last march by a Liberal member who took just the opposite point of view. If time afforded I would read it. This takes an opposite point of view from that of the hon. member for Hamilton South, and claims that the C.B.C. is always pro-government and does not allow a fair airing of the other side of the question. We have two sides of the coin, one presented by a Liberal member in this house and one presented by a Liberal member in the Manitoba legislature. Certainly we should take steps just as quickly as possible to avoid any allegations and misunderstandings of that kind.

A monopoly of any kind comes under suspicion and, of course, a state monopoly comes under even more suspicion because it combines not only economic power but political power as well. The sooner we rid the C.B.C. of any shadow of doubt concerning the combination of political and economic power the sooner we will rid ourselves of at least some of this rock throwing that has been taking place in the past few years.

Professor Marcus Long was mentioned in the discussion today. I think he came to the nub of the matter in a statement made in Vancouver recently, when he said:

> I am opposed to any more government control than is necessary . . . If it is necessary to err between control and freedom it is better to err on the side of freedom. That is, increase the number of private stations rather than increase government monopoly and control.

On the subject of regulation, Mr. Chairman, this is what the Manitoba legislature had to say. A resolution was passed and approved in March, 1956, by a vote of 46 to 5, which is one of the largest majorities which has been given any resolution in the Manitoba legislature within recent days. The resolution was phrased in these terms:

> Whereas, Manitoba citizens have a wide choice of radio stations;
>
> And whereas, there has been a demand for the establishment of more than one local television station;
>
> And whereas, due to Manitoba's geographic position, a great number of our citizens have but one choice of a television station;
>
> And whereas, it is desirable that Manitoba citizens have a wider selection of television stations;
>
> Therefore be it resolved that this house go on record as favouring competition in the television broadcasting field in the greater Winnipeg area;
>
> And be it further resolved that the federal government be urged to encourage the establishment of television stations in other parts of the province of Manitoba.

Then an amendment was moved which was passed with an unprecedented majority of 47 to 5. The amendment reads:

> Be it still further resolved that the federal government be urged to set up and establish an independent board of regulation for Canadian broadcasting.

We are dealing with a very controversial and complex field, and nothing I can say at this time will throw any further light on the matter. I think it would be in the interests of the best functioning of the C.B.C. if we move toward a more representative position for private broadcasters in this important field, and further if just as soon as possible we establish an independent regulatory body that would remove any shadow of suspicion of political interference in the important function of broadcasting.

Mr. Hees: Mr. Chairman, I was extremely surprised, as I am sure all hon. members of the house must have been, to hear the hon. member for Hamilton South this afternoon make a charge—which was very vigorously applauded by the many Liberal members in the house at the time—that the Canadian Broadcasting Corporation, the Canadian Press and the British United Press, the two news services which supply the Canadian

Broadcasting Corporation with its news, and the press gallery in general are guilty of slanting the news.

I have been a member of this parliament for six years —

An hon. Member: Too long.

Mr. Hees: —and during that time I have become convinced that the C.B.C., the Canadian Press, the British United Press and the press gallery generally report the news both fairly and objectively. From time to time each hon. member, of course, feels that certain speeches did not receive the reporting which they merited. On the other hand, if each one of us is honest he will admit that at times we are very pleasantly surprised by the reporting we do receive, and often we must admit to ourselves that our speeches appear better when we read them in the paper than they perhaps sounded or than we ourselves thought they were.

Mr. Harris: Speak for yourself, George.

Mr. Hees: Of course I know that the Minister of Finance always thinks his speeches are masterpieces, but I am just an ordinary man and I know I make some which I must admit are only fair.

An hon. Member: So do the rest of us.

Mr. Hees: I think a vast majority of the hon. members in this house will agree that the Canadian Broadcasting Corporation, the Canadian Press, the British United Press and the press gallery generally call them as they see them, and that they are very fair indeed. In sports, Mr. Chairman, one learns to take the referee's decision without whining.

Mr. McCann: You have not learned that yet.

Mr. Hees: Oh, yes, I have. That is one thing I have learned. I have never complained about a referee's decision in my whole life, and I'll bet you have, if you ever did happen to participate in sports, which I doubt.

Mr. Sinclair: You complained about 24 of the Speaker's rulings in one month.

Mr. Hees: Mr. Chairman, before the growling started across the line—and it is nice to hear the hon. members on the other side start squealing, because it shows we are sticking them where it hurts—

An hon. Member: Oh, don't be like your leader.

Mr. Hees: The hon. member for Hamilton South and the many Liberal members in the house at the time who applauded him so vigorously whined this afternoon when they claimed that the reports given by the C.B.C., which were given to the C.B.C. by the Canadian Press and British United Press concerning the pipe-line debate, were not flattering to the Liberal party.

An hon. Member: They were lies.

Mr. Hees: Practically every newspaper of every political stripe in this country from coast to coast vigorously criticized the Liberal party's policy and conduct in that pipe-line debate. To single out the C.B.S.'s reports in this instance is, I believe, whining on a very large scale. From what was said this afternoon by the hon. member for Hamilton South I can only conclude that he and the Liberal members who applauded him so enthusiastically would like to see the proceedings of parliament reported—

Mr. Studer: Correctly.

Mr. Hees: —by government-selected C.B.C. parliamentary observers over whom the government could exert complete control. Then the people of Canada would receive only the government's version of what transpired in this house.

Mr. Reinke: They would receive a true report.

Mr. Studer: Verbatim.

Mr. Hees: That, Mr. Chairman, would be an important step forward in the creation of the dictatorship which this government's conduct in the pipe-line debate made very clear this government is determined to achieve. I think it was interesting and rather shocking to hear what we have felt has been going on for some time so clearly expressed this afternoon by the hon. member for Hamilton South and so loudly applauded by Liberal members who were obviously behind him 100 per cent in everything he said.

Mr. Holowach: Mr. Chairman, late last evening and this afternoon we have been listening to members of the Conservative, C.C.F. and Liberal parties express their views with respect to the affairs of the Canadian Broadcasting Corporation. With much of what has been said I certainly can agree. We agree that the Canadian Broadcasting Corporation has a very important role to play in the development of the cultural life of Canada. We recognize that many of the issues which are before the corporation at this time, particularly in connection with finance and its relations with the independent broadcasting business in Canada, are matters which deserve our consideration and ought to be resolved satisfactorily as soon as possible.

There are many matters on which we as reasonable men can differ, and in this case the political angle is involved; but I think we will all agree that radio and television, by reason of their impact on commerce, and their daily place in education and entertainment, exercise a tremendous influence upon the public's interpretation of political and social events. For these reasons the Canadian Broadcasting Corporation and the radio and television industry have a tremendous influence upon our national life. They constitute the most powerful mass medium of communication of our time. In the world of scientific and sociological changes there are bound to be many sensitive problems which have to be tackled, some of which are very controversial. Judging from the speeches which have been made by various hon. members, we are faced with a wide difference of opinion.

In discussing the estimates of the C.B.C. we have an opportunity to examine the entire management picture, and to stress the need of economy. I think one important matter which deserves consideration at this time is the relationship existing between the Canadian Broadcasting Corporation and the independent broadcasting industry. The annual report of the C.B.C. does not refer at any great length to this, but it is an extremely significant matter. We of the Social Credit group believe that it is an important question which involves us very directly. After all, the reason we are here is to see that there is a proper balance between the various industries of Canada, particularly in this field.

Last year we welcomed the suggestion that a royal commission be set up and we are looking forward to receiving the report of the commission. The order in council setting up the commission stated specifically that it should study the licensing and control of private television and sound broadcasting stations in the public interest. We of the Social Credit group approach this entire problem from the standpoint that there ought to be fair treatment for all and special privilege for none. We approach it from the position that there ought to be full co-operation, that there ought to be freedom, and that in this field as in all others there should be righteous competition which would be good for both parties.

Therefore we are opposed to seeing this field ruled or regulated by the excessive power of a government monopoly, which we maintain in this case is the C.B.C., just as we are opposed to private monopoly and excessive power for private money interests which may be interested in this particular field. In either case it is the public who are the losers. There seems to be a trend toward power grabbing and we submit that as members of parliament this should receive our thoughtful consideration.

The Fowler commission has been sitting, and the minister indicated last evening that many submissions had been made. I do not intend to touch upon these, as I think it would be improper to do so. It was my pleasure last year to be a member of the parliamentary committee which studied the affairs of the C.B.C. That committee had many issues before it, many of which also were brought before the royal commission.

Many people have been expressing the fear of abuse and injustice resulting from excess power in the hands of the C.B.C. They claim that this excessive power to regulate the activities of competitors may lend itself at some future date to abuse. The C.B.C., being directly under government control, the inference has been that either this administration or possibly some future administration may abuse that power and become less dedicated to the principle of impartiality. Clearly we do not want anything like that to happen in Canada. However, I think I am correct when I say that abuse is taking place and has taken place.

Because of the actions of the C.B.C. the people of the province of Alberta have experienced injustice and humiliation and I would say insult. A serious situation has been created. It is encouraging and commendable to know that there are newspapers in this country prepared to report some of these startling facts. I hold in my hand a clipping from the King's County *Record* of June 28, 1956.

C.B.C. Controls Thought

The Fowler commission on broadcasting can surely have no more doubts about C.B.C.'s control of thought in this country. When one of the commissioners stated that the C.B.C. does not "vet" scripts on private stations, these facts came to light.

A group of Alberta stations was broadcasting a series of programs in which Alberta government leaders reported their activities to the people. C.B.C.'s Mr. George Young, who is in charge of broadcast regulations, immediately sent a curt telegram demanding that copies of the speeches be mailed to him at once so that C.B.C. could study the matter.

If C.B.C. does not "vet" such scripts, why ask for them? What do they do with them? Paper the walls of Jarvis street studios, perhaps?

As a result of harrassing these three stations the broadcast was dropped. Consequently the people of Alberta were denied a service and the Canadian Broadcasting Corporation, as an agency of government, was able, by the threat of enforcement of regulations, to stop the flow of opinions contrary to their party's interests.

This is political interference of the worst kind. It is even worse than line by line censorship. It is thought control by threat.

The royal commission on broadcasting must have access to the files of Mr. Young, who enforces

C.B.C. regulations. A study of those files would give an indication of the extent to which the C.B.C. has entered into the political arena with its regulatory powers. Will such a study be made? It should be, and without loss of time.

I am satisfied that, from the circumstances of this case I have reported to you, which took place in Alberta, it is clear that the C.B.C. and the federal government, which after all has guardianship responsibilities over the C.B.C., have offended and done injury to the purpose of the act itself. In any event, the C.B.C.'s action and the manner in which it handled this case without tact—

Mr. Prudham: Would the hon. gentleman permit a question? Would he say when that alleged program was on the air?

Mr. Holowach: This particular incident took place some time ago.

Mr. Prudham: What year?

Mr. Holowach: I believe it took place in 1951 or 1952.

Some hon. Members: Oh; ancient history.

Mr. Holowach: It is not ancient history at all. These are facts that have not been disclosed to the people, and that is my reason for bringing the matter to the attention of the house.

Mr. Philpott: Would the hon. member permit a question? He was a member of the radio committee. Why did he not bring it up before that committee?

Mr. Holowach: When the hon. member spoke a few moments ago I listened very intently to him. If he has any further comments to make, I am sure the house would be delighted to hear him afterward.

Mr. Philpott: It is a plain question. Why did not the hon. member bring up this matter in the radio committee, when he could have had Mr. George Young and all the other gentlemen and the documents?

Mr. Holowach: Let us listen to this report from the Nipawin, Saskatchewan, *Journal* of June 21, 1956:

> Paging George Young!
>
> A most unusual thing is happening in Canada . . . And it could be cleared up in ten minutes by a Mr. George Young. Mr. Young is in charge of enforcing the regulations of the Canadian Broadcasting Corporation; he writes the letters and telegrams to the private stations when he thinks they are stepping out of line.
>
> Yet a royal commission on broadcasting has been saying, again and again, that it wants to know where these regulations have resulted in suppression of news or opinion, where they have been unduly restrictive. The royal commission keeps insisting that it wants "chapter and verse".

[Mr. Holowach.]

> Then, why in the world has George Young not been called before it with his files of letters and telegrams?
>
> Let the royal commission ask him to appear with his file of correspondence dealing with the program "Your Government Speaks" which a group of stations in Alberta started to broadcast. Let the commission hear his curt telegrams and letters—one of which threatened to bring a station, which carried these broadcasts, before the board of governors!
>
> If the commissioners honestly desire the evidence, that is the place to get it. Surely, it is not fair to ask the private broadcasters to get up and air these complaints—when Mr. Young could easily crack down on them the very next week. Why not ask Mr. Young to appear? C.B.C. is a crown corporation, supposedly owned by the people, isn't it? Then, why aren't those files, unexpurgated, available for public examination?
>
> If Mr. George Young, as "a representative of the corporation", is so important that his permission in writing must be obtained before a minister of the government of Alberta can go on the air over three stations and report government activities to his people, then surely Mr. Young is important enough to appear before a royal commission and tell how he decides these matters.

I should certainly like to know who Mr. George Young is. To what elite corps does he belong that has such tremendous power it can prevent private radio stations from allowing ministers of the crown to report public business to the people? If there is any general rule in the regulations which does not differentiate between the rights of a minister of the government of Alberta and the rights of some official on Jarvis street, then we ought to do something about that mighty fast.

I have no intention of being unfair to anyone. In fairness I wish to make it perfectly clear that we in the Social Credit group cannot agree with anyone who makes a wholesale condemnation of the work of the C.B.C. We have always maintained, and we have expressed ourselves on the floor of this house, that the C.B.C. has provided and pioneered a most valuable service for Canada and that in the future it can play a very important role. On the other hand we cannot agree with the current position of the Canadian Broadcasting Corporation, in which it does possess exclusive powers and is in the most lucrative television areas. The reason we feel that way is, as I indicated before that we are definitely against the over-all trend of power grabbing that is going on. It is going on not only in this particular industry; there is a definite trend in the affairs of government and big business.

Today the present government has more power and control over the lives, the privacy and the property of our people than ever before. We see that in the string of corporations that have been set up, corporations that have invaded those fields in which they have no business to operate and provide service that could well be provided by private

enterprise, were it only given the opportunity. We see it also in radio and television. As I indicated before, this trend is not confined to government only; it is prevalent in other fields as well. We see it in big business, with large corporations absorbing small ones; we see it in finance; we see it in labour. It is becoming a battle of giants. The small independent operator who is anxious to invest, who is anxious to contribute and compete in these various fields is just lost in the shuffle.

I think it was Theodore Dreiser, the author of "An American Tragedy", who many years ago stated that it is not a very great step from the nation of chain stores, chain railways, chain hotels, chain newspapers, chain industrial and mercantile establishments—and I might add a chain of government-owned television and radio stations—to a chain soviet system.

In view of this situation, the position we in this group take is that whilst the C.B.C. does perform a most useful function, there is definitely the need for modifications and adjustments in the policy with respect to that corporation. We believe that somewhere between the two extreme views that have been expressed in the debate thus far lies the correct answer to a more equitable relationship as between the C.B.C. and the private radio and television operators of this country. I cannot quite understand what fear the corporation has with respect to setting up such an independent regulatory board. In fact, I believe that such a board would take away from the C.B.C. many of its heavy responsibilities.

Now just a word about the programs. I should like to be quite frank in this matter. On the one hand I think some of the programs presented by the C.B.C. are excellent. I certainly have enjoyed them. On the other hand I have seen programs that have made me wonder just why the Canadian talent that I know exists in this country has not been used. We have heard statements made to the effect that there are various slanters of news. We believe the chairman of the board ought to give this matter serious attention in order to make sure that there is no slanting of news.

With respect to the utilization of talent, I should like to say that from a western standpoint we people in the prairie provinces especially are not receiving a proper number of programs originating in our centres. I should like to have the minister later on, perhaps when he is answering some of the comments that have been made, tell us just how many programs originate in the city of Edmonton. I know there is an abundance of talent there that has very little opportunity of expression, and I have received rather serious complaints in that regard.

Speaking quite frankly, I believe that the C.B.C. would also command much more respect and elicit much greater public confidence if it would enable the minority parties—and I refer to the recognized minority parties—to obtain a fuller share of public attention. The controversial matters that come before parliament are such that the people of this country deserve to have put before them the various sides of political opinion. I do not believe the opportunity to do this should be subject to financial limitations which burden most of the smaller parties. In addition, as I indicated previously, there should certainly not be any interference with the rights of ministers of provincial governments to report to their people.

Then there is the matter of finances that has been discussed in some detail. I think we should know just what plans the government has with respect to financing some of the future programs and activities of the C.B.C. We start with the accounts of the government of Canada for the year ended March 31, 1955. The Auditor General at that time reported the following:

> 87. The income of the Canadian Broadcasting Corporation was, of course, distinguishable from that of the others because $27,720,000 was in the form of statutory grants—$6,250,000 under section 14 (3) of the Canadian Broadcasting Act and about $21,470,000 under section 14 (4) of the act, being an amount equivalent to the proceeds of excise taxes on sales of radio and television sets, tubes, etc. However, the corporation also had revenues of $6,263,000 from commercial broadcasting and miscellaneous revenues of $753,000. The corporation ended the year with an excess of income over expense of $4,268,000, after providing $1,365,000 for depreciation and obsolescence.

A similar situation appears this year. We find that in radio broadcasting, despite the grant of $6,250,000 authorized under section 14 (3) of the act plus the grant of $5,061,964 authorized under section 14 (4), as well as the increased revenues from licence and advertising fees, the C.B.C. reports its operating expenses were greater than in 1954-55 and resulted in a deficit of $286,830. The picture is the same with regard to television. It is my understanding that the Canadian Broadcasting Corporation would like to start colour television. This requires more and more money. As I stressed before, the people of Canada are entitled to know just where it is going to come from.

In reading the annual report given by the C.B.C. we have the faint suggestion made that an annual licence fee for radio sets be made available to the C.B.C. The question I should like to have answered is whether this additional licence fee for radio sets is to

be imposed on the people of Canada. In my view the taxes which the people of this country are carrying at the present time are intolerable. It is quite obvious and clear that there is a need for economizing. In my opinion the C.B.C. deserves a sympathetic approach with respect to the financial difficulties they have at this time; but if they are to get that approach from the public, I think they ought to rid themselves of the idea that they do not have to reform themselves.

The Chairman: Shall the resolution carry?

Mr. Blackmore: No, Mr. Chairman. It is almost six o'clock. May I leave my remarks until Monday?

Item stands.

Progress reported.

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

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTINGS ON AND AFTER AUGUST 1

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, before I deal with the business for next week I wonder if I may have permission to revert to motions in order to move:

That on Wednesday, August 1, 1956 and on every Wednesday thereafter until the end of the session, in addition to the sittings now provided for by standing and special orders the house shall also sit from eight to ten o'clock p.m.

Mr. Deputy Speaker: Has the minister leave to revert to motions for this purpose?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Hon. members have heard the motion. Is it the pleasure of the house to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Harris: On Monday we shall take the resolution in the name of the Minister of Labour with respect to equal pay for female employees; the resolution in the name of the Minister of Justice with respect to the Royal Canadian Mounted Police Act; second reading of Bill No. 443, to amend the Supreme Court Act and the Criminal Code; second reading of the two bills in the name of the Minister of Northern Affairs and National Resources; the house in committee on the bill to amend the shipping act and the bill to amend the Income Tax Act.

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

ANSWER TO QUESTION

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

NATIONAL DEFENCE—PUBLIC RELATIONS OFFICERS

Question No. 555—**Mr. Fraser (Peterborough):**

1. Are there any public relations officers in the Department of National Defence?
2. If so, how many in each branch of the service?
3. What duties do they perform?
4. If separation allowance, assigned pay, etc., is discontinued to the wife of a serviceman, do these officers contact the family and give reasons for discontinuance of same?
5. If not, does anyone in the department inform the wife or family that allowance is discontinued, and give reasons for such action?
6. How is the wife or family so informed?

Answer by: **Mr. Hellyer, Parliamentary Assistant, for the Minister of National Defence:**

1. Yes.

2. Navy, 15; army, 22; air force, 17.

3. The main duties of public relations officers are: (a) to facilitate a flow of unclassified news about the armed forces to the Canadian public; (b) to give advice and information at appropriate levels in their respective services about the various aspects of a suitable over-all public relations program; (c) to advise upon and implement as appropriate—particularly at overseas establishments—a program designed to foster and maintain friendly relationships between service establishments and adjacent civilian communities.

4. No.

5 and 6. A serviceman is considered to be personally responsible for informing his wife or family of his financial arrangements and of normal alterations in this respect.

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Family allowances and old age security—

278. Administration, $2,693,059.

Civil defence—

281. To provide for the civil defence program, $7,010,018.

HOUSE OF COMMONS

Monday, July 30, 1956

The house met at eleven o'clock.

LIBRARY OF PARLIAMENT

APPROVAL OF REPORT OF CIVIL SERVICE COMMISSION

Hon. W. E. Harris (for Mr. Pickersgill) moved:

That the report of the civil service commission respecting a reclassification of the staff of the library of parliament, laid upon the table of the house, July 28, 1956, be now approved.

Motion agreed to.

EXTERNAL AFFAIRS

EGYPT—SUGGESTED FORMAL PROTEST AGAINST SEIZURE OF SUEZ CANAL

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the developments over the week end, has the government given consideration to the advisability of presenting a formal protest to Egypt which would indicate the position of this government in relation to the events which have taken place there in a manner that is not merely a question of reporting, but would constitute a direct representation from this government?

Right Hon. L. S. St. Laurent (Prime Minister): The matter has, of course, been under consideration, but we have not decided yet to submit any formal protest, and I do not know that there have been any formal protests submitted by any of the other commonwealth countries but the United Kingdom itself. We are, of course, through our high commissioner, in very close touch with what is going on at the conference between the great powers primarily and to the greatest extent interested in this, and we shall certainly be kept fully informed from London, Washington and Paris about what is going on.

Mr. Howard C. Green (Vancouver-Quadra): May I ask a supplementary question. The *Globe and Mail* of this morning reports as follows:

British government sources said that early responses from the commonwealth had been encouraging. South Africa, Australia and New Zealand were said to have pledged their active support for firm British reaction to Nasser.

Will Canada take the same position as those other nations of the commonwealth?

Mr. St. Laurent (Quebec East): We are not informed that that position has been taken by Australia and New Zealand. We have been in touch with the Prime Minister of Australia and we understand that concern has been expressed there, as was expressed here, over the possible interference with the effective administration without discrimination of the canal but that so far it has not gone beyond that and their communications, as ours, have been confidential communications with the United Kingdom authorities.

MILAN BABIC—TREATMENT BY UNITED STATES CUSTOMS OFFICIALS

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Will the government make a strong protest to the United States government regarding the arrogant behaviour of the United States immigration department toward Mr. Milan Babic, a Canadian citizen carrying a Canadian passport, who was a survivor of the *Andrea Doria*? Mr. Babic was retained in the custody of the United States immigration department for 24 hours and, in his own words, was treated as a criminal. Because of that retention he was not listed as a survivor. No one knew of his whereabouts, and it was not known that he was a survivor until he turned up in Toronto last Saturday.

It is my information that this kind of treatment by the United States immigration department is becoming more and more common. The government should take steps to see that this kind of treatment is not meted out to Canadian citizens in the future.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, we have not had any complaints of any kind from Mr. Babic concerning this matter and I think we would be well advised not to make formal representations to the United States government without such a complaint from the man concerned and merely on the basis of press dispatches. However, in view of the nature of the information contained in the press dispatch we have already asked our office in New York to find out, if they can, what

are the facts of the case and to get in touch with Mr. Babic and see what he has to say about it to us.

Mr. Hees: I have a supplementary question, Mr. Speaker. If the government finds out that the facts are as I have stated, will it make a very strong protest to the United States government?

Mr. Pearson: Mr. Speaker, if the facts are as stated in the newspaper we will take the required action. I think it would be quite proper to bring the matter to the attention of the United States government.

MIDDLE EAST—SERVICES OF GENERAL BURNS UNDER UNITED NATIONS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs, in connection with a news report today to the effect that Jordan has objected to the continuance of General Burns. Has the minister anything to say in regard thereto, and could he say whether, in view of General Burns' outstanding services in the Middle East in the Jordan-Israel dispute, a request has been made for the continuance of his occupancy of that position beyond the expiry date, which I believe is early in August?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have seen the news report in question, and all I think I can usefully say—because General Burns is an official of the United Nations—in this matter is that his record speaks for itself and is, I think, sufficient denial of any charge of partiality or lack of objectivity. General Burns' term of service with the United Nations comes to an end, I think, at the end of August or September; in any event, within the near future. Although I should like to check on it I believe that the suggestion has been made by the Secretary General of the United Nations that General Burns might be requested to stay on. However, that is a matter entirely for General Burns to decide.

HOUSE OF COMMONS

REQUEST FOR ONE WEEK'S EXTRA PAY FOR TEMPORARY STAFF

On the orders of the day:

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I should like to direct a question to the Minister of Finance. I am sorry I have not been able to give him notice but it is because I want to do this before the hon. member for Winnipeg South Centre.

In view of the unduly long duration of the present session and in view of the fact that the permanent stenographers in the House of Commons pool all receive one month's holiday, will the government consider giving one week's extra pay in lieu of the one week's holiday which the temporary stenographers would be entitled to if they were working for civilian organizations?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I do not recall that we ever had a request of this kind on former occasions when the session was unduly extended, as my hon. friend says, but of course we shall consider what he has said in his question.

CANADIAN BROADCASTING CORPORATION

NEWS COVERAGE OF PIPE-LINE DEBATE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Prime Minister arising out of certain things that happened on Saturday. I would like to ask him whether in his opinion and that of the government the reports of parliamentary reporters of the Canadian Press and British United Press and also the news summaries that the C.B.C. carried in connection with the pipe-line debate were not fair, objective and accurate?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think that is a question that should be asked on the orders of the day. That is a matter of personal opinion, and this is a free country where every Canadian is entitled to his own opinion.

Mr. Diefenbaker: That is no answer.

Mr. George H. Hees (Broadview): Mr. Speaker, I would like to direct a supplementary question to the Prime Minister. If this is a free parliament, have not members the right to ask the Prime Minister for his opinion in regard to such a matter?

Mr. St. Laurent (Quebec East): And the Prime Minister has the right to refuse to reply, as I am doing at this moment.

Mr. Sinclair: It is a free country.

PUBLIC WORKS

CAPE TORMENTINE—SANDSTONE FOR CAUSEWAY TO PRINCE EDWARD ISLAND

On the orders of the day:

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Has the minister had time to consider a news dispatch from

the Charlottetown *Guardian* of July 19 which I left with him last week to the effect that hard sandstone fill suitable for the proposed causeway had been found at Cape Tormentine?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, geologists of the Department of Public Works, after checking on the rock formation in the Cape Tormentine area, have laid out a preliminary program of test drilling.

To date the public works crew has completed two test holes and is working on a third. A total of about 340 feet of rock has been drilled. The cores are now in our testing laboratories in Ottawa where they are being studied. Six more test holes are planned. Depending upon the results of this test drilling, it would then be necessary to undertake an extensive drilling program to determine if suitable material is available in sufficient quantities and locations to be quarried on an economic basis.

We are in the early, preliminary stages and much remains to be done before a decision can be reached as to the feasibility or otherwise of building a causeway from the mainland to Prince Edward Island.

FISHERIES

NEW BRUNSWICK—REPORTED DESTRUCTION OF FISH BY AIR SPRAYING

On the orders of the day:

Mr. J. C. Van Horne (Restigouche-Madawaska): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. Will he be so kind as to tell the house what is his present attitude in regard to his announced intention to take action against Forest Protection Limited in regard to the destruction of certain small fish? Has that attitude changed in the meantime?

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, the matter has been before the legal authorities of my department and I believe is now before the Department of Justice to ascertain whether we have a good case, either criminal or civil, against the aviation firm which sprayed our hatchery and killed one-third of our fish.

NATIONAL PARKS

INQUIRY AS TO STUDY BY PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to direct to the Minister of Northern Affairs and National Resources a question of which I have not given notice but which I am sure he will be able to answer. Can the minister tell the house if it is proposed to set up a parliamentary committee which will be assigned the task of investigating Canada's 17 national parks?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): I have not heard of any such suggestion.

Mr. Johnston (Bow River): A supplementary question. I would point out to the minister that the *Crag and Canyon* of Banff, the issue of July 25, carried the following:

> Senator Donald Cameron, director of Banff school of fine arts, has been instrumental in the proposed formulation of a parliamentary committee assigned the task of investigating Canada's 17 national parks.

Mr. Lesage: That is the first news I have had.

MILK

ONTARIO PRODUCERS—REFERENCE TO TREATMENT GIVEN DELEGATION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, on a question of privilege arising from a question asked the right hon. Minister of Agriculture last week by the hon. member for Kent, Ont. (Mr. Huffman) during my absence. It had reference to two news stories which had appeared the previous week, one in the Woodstock *Sentinel-Review* and the other in the *Globe and Mail,* containing certain statements attributed to me. The statement which appeared in the *Sentinel-Review* of July 20 contained a reference to an alleged statement by myself concerning the Minister of Agriculture. This statement was as follows:

> Mr. Nesbitt said a deputation from the Ontario Milk Producers Association had appeared before Mr. Gardiner and was attempting to read their brief when the minister said "he wasn't interested in hearing about the milk industry".

The interview I had with the reporter of the Woodstock *Sentinel-Review* was an informal one over a cup of coffee. The matter of whether or not a deputation from the milk producers was received—before the standing committee on agriculture—was discussed. The news story which appeared in the Woodstock paper was in my opinion correct with the exception of the paragraph I have just quoted. I immediately got in touch with the editor of the paper and said that the statement was not correct, that I had not said the minister had made any such statement. That complaint was made to the editor immediately upon publication. Unfortunately I was absent from the house for part of last week when the matter was raised.

Since then the reporter who wrote the story kindly sent me a telegram acknowledging that I had been misquoted and that the statement was incorrect. I shall be glad to let the right hon. minister see the telegram. Frankly I do not blame the minister for raising the point because it was a serious charge which simply was not true. As far as the story in the Toronto *Globe and Mail* is concerned, which I might say is quite incorrect, I do not know where they got their information. They certainly did not get it from me.

Right Hon. J. G. Gardiner (Minister of Agriculture): I should just like to say that it was not I who raised the point in regard to that. I just brought a letter into the house and read it in reply to the question which was raised by the hon. member, and I went on to say that it did provide an opportunity for these people to indicate that I did not meet delegations in that manner. All I wish to say about this is that on future occasions when I make corrections myself of what reporters say I hope there will not be so much booing from the other side of the house.

Mr. Nesbitt: I rather thought the minister might be somewhat sympathetic, because I dare say in his long and colourful career he has been occasionally misquoted himself.

Mr. Gardiner: Quite right.

ST. LAWRENCE SEAWAY

INQUIRY REGARDING BOUNDARY LINE BETWEEN ONTARIO AND QUEBEC

On the orders of the day:

Mr. Albert Lavigne (Stormont): I should like to direct a question to the Minister of Mines and Technical Surveys. Owing to the added importance brought to the area by the development of the St. Lawrence seaway, will steps be taken to define more clearly the boundary line between the provinces of Quebec and Ontario in the lake St. Francis area?

Hon. George Prudham (Minister of Mines and Technical Surveys): The hon. member spoke to me some time ago about his intention to make an inquiry about the uncompleted boundary line between Ontario and Quebec in the St. Lawrence area. I had the opportunity to see the records of the department and I find that the correspondence goes as far back as February 1938, when a series of questions was placed on the order paper and answered by Hon. T. A. Crerar, then minister in charge of this department. I would refer hon. members to *Hansard* of May 18, 1938, page 3241.

[Mr. Nesbitt.]

Since I became associated with this department there has been further correspondence. On December 8, 1953, I received a letter from Hon. Lionel Chevrier, then minister of transport, pointing out the urgency of having this boundary survey completed. Following receipt of his letter, I wrote to the ministers responsible for boundary survey work in the provinces of Ontario and Quebec. The last paragraph of my letter reads as follows:

> You may wish to renegotiate the matter with the province of Quebec (or the province of Ontario), towards the completion of the survey for the demarcation of the line. I am fully aware that this demarcation is the entire jurisdiction of the provinces, but I simply submit that the final survey would prove beneficial to all concerned.

These letters were acknowledged, but no action was taken.

The matter of interprovincial boundary surveys is the responsibility of the provinces concerned. Our department does co-operate when a request is received from both provinces, usually by appointing the surveyor general as chairman of a three-man commission with a representative from each province; who are charged with the responsibility of completing the survey. The costs of such surveys are shared equally by the two provinces concerned and this government.

I can assure my hon. friend that, as soon as requests are received from the provinces of Ontario and Quebec for the completion of this boundary survey, our department will act immediately.

PRIVILEGE

MR. REINKE—REFERENCE TO RADIO REPORTS OF STATEMENT IN DEBATE

On the orders of the day:

Mr. R. E. Reinke (Hamilton South): On a question of privilege, I was listening to radio station CFRA on Saturday evening at 6.30 p.m.—

Some hon. Members: Order.

Mr. Reinke: On a question of privilege—and again at seven o'clock to radio station CKOY. It was attributed to me that I had said in the House of Commons that afternoon that news coming out of the press gallery was slanted and lies. I think that is a very serious allegation for anyone to make. I certainly would not make it without substantial foundation, and I never said that. What I actually said was in answer to a question by the hon. member for Winnipeg North Centre (Mr. Knowles), and as found at page 6632 of *Hansard* I said that news coming out of the press gallery was slanted and biased.

Mr. Diefenbaker: Repetition makes perfect.

PUBLIC SERVICE

PROVISION FOR EQUAL PAY TO FEMALE EMPLOYEES FOR EQUAL WORK

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide equal pay for female employees as compared with male employees of the same employer, for identical or substantially identical work in federal works, undertakings or businesses; and to provide further under the enforcement procedure for the appointment of referees who may be paid such allowances and expenses as may be approved by the treasury board.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Gregg: Mr. Chairman, this resolution, item No. 11 on today's order paper, has now been on the order paper for quite a long time, and I can assure the committee at once that, with the exception of nine days at the end of June, I have been ready and anxious to bring it forward for consideration. However, it has been unavoidably delayed and as the time of unavoidable delay has stretched out in length the statement I planned to make at the resolution stage has conversely become shorter and shorter. I am sure that the committee will agree with that point of view this morning.

The idea contained in the resolution goes back for some years in Canadian history. As the hon. member for Rosetown-Biggar suggested in his speech in the debate on the speech from the throne, the idea was voiced in this chamber about 20 years ago by the then hon. member for Grey-Bruce, Miss Agnes Macphail. But to come down to more recent years, I am sure that all members of the house and many others outside the house have been impressed by the aggressive campaign that has been waged for this idea by the hon. member for Hamilton West. I pay tribute this morning in unstinted fashion to the value of the hon. lady's work in assisting in the crystallization of public opinion in this regard. Perhaps not so obvious but nevertheless effective has been the persistent influence for action in this field brought to bear by the hon. member for Timiskaming. I could very well go on and speak of encouragement for a step such as this from women's organizations, from the Canadian Labour Congress or those congresses that are now part of the Canadian Labour Congress and from women and, yes, men too in this and the other chamber of parliament, and from outside.

In recent years, especially during and since the last war, an increasing number of women have joined our Canadian labour force. Their record shows clearly that women's work is not inferior to the work of men. It would be presumptuous this morning for me to attempt to argue that point. That fact goes without saying. This unquestioned fact has tended to focus attention on the relationship of the earnings of men as compared with those of women doing the same work. In other years when my friend the hon. member for Hamilton West has brought her bill forward I have pointed out that the Canadian government, for quite a long time, has favoured this principle of equal pay. It had made the principle effective. The salaries paid to the classified civil service of Canada have been determined by the content of the job completely irrespective of sex. Also, with respect to our prevailing rate employees across the country, there has been inaugurated the practice of setting the rate for the particular job or of setting the wage classification whether the work has been done by a man or a woman. However, when that was done, it was quite another matter as to whether or not legislation was desirable dealing with the rate of pay of women in private business or private industry that comes under federal labour laws or under federal jurisdiction. For instance, to go beyond our own boundaries, it was observed that in so highly organized a country as the United Kingdom there is as yet no legislation dealing fully with the question of equal pay even in their public service. As was pointed out last year by my hon. friend, in 1955 the United Kingdom adopted a scheme applicable to the civil service. By it the scale for women in the non-industrial civil service is being steadily increased by seven bites or by seven annual instalments so that by the year 1960 or 1961 women will be on an equal basis with men with respect to rates of pay. The United Kingdom so far at least has maintained that equal pay legislation is not appropriate to their system of private industry. At least they have not yet carried into effect legislation to bear upon that matter.

In the United States, although seventeen states have put into force legislation along this line and although sundry resolutions and private bills have been presented before one or the other of the houses of congress, congress as a whole has not passed legislation covering women in the federal field.

Nevertheless this morning I propose that we initiate federal action in Canada. Last year and previously I promised the house that we would give consideration to the matter and that we would consult with those organizations especially interested in the application of that principle. We have done that.

We have done that quite fully. As a result, we have come to the conclusion that legislative proposals especially adapted to the nature of employment under federal jurisdiction should now be recommended to parliament. I feel sure that it can be administered. In view of the past record or the past experience that I have had of the co-operation of employers in connection with other federal legislation administered by my department, I am confident that those employers will voluntarily bring their practices into compliance with the spirit of this proposed legislation.

This resolution forecasts a measure designed primarily to promote equal pay for women. In the measure that will come before us after the resolution I do not think we should try to be in any sense legalistic perfectionists, but rather that we should try to provide legislation that is simple, that we are quite sure will work and that will promote the object in view. Then, after it is under way, experience only will show us where we should cross the t's and dot the i's.

I want to emphasize the importance of a national standard of equal pay for women on two counts. The first is as evidence of recognition of the important part that women have to play and are playing in our Canadian economy. The second—and this is a very important one—is the encouragement of them to take an even larger share in the responsibility for Canada's rapid growth. At present there are about a million and a quarter women in our labour force in Canada this mid-summer; that is the total in our entire labour force, in all the activities, whether they come under federal or provincial jurisdiction. Of that number, approximately 73,000 are employed in activities that are under the federal jurisdiction. And I am quite sure that our economy, in the buoyant state in which it is at the present time, needs more of these women who feel that they can come into the labour force. We need them to help out in Canada's development, and for those who are in the labour force and who may come into it I am very glad to propose this resolution as a recognition of the value of their contribution to the growth of Canada. I have pleasure in moving this resolution, Mr. Chairman.

Mrs. Fairclough: Mr. Chairman, first of all I would like to thank the minister for his kind remarks, and in doing so I would like to thank all the members of this house who in past years have supported this type of legislation, both in their remarks in this house and on two occasions by their votes. It was significant that the votes on this type of legislation in past years crossed party lines. The legislation received the support, both in speeches and by votes of all parties in this house. I believe that that support, as witnessed in this chamber, was in some measure responsible for the government's serious consideration of the principle and its introduction of the legislation which we shall have before us shortly.

I should like to say also that the minister is quite correct when he refers to those persons outside of this chamber who have given consistent support to the principle of equal pay legislation over a period of many years, and I am sure it must be extremely gratifying to them. I mention in particular the federation of business and professional women which has been most outspoken and which has worked hard to have this type of legislation introduced in all legislatures in Canada. I mention also the women who belong to political organizations of all parties who have consistently supported this type of legislation and by reason of their support have succeeded in having this principle accepted by their political parties and incorporated into political platforms. When I make that remark, I think of course of my own party. But I also pay tribute to the women of all other political parties who have used their influence in this regard. Of course, I cannot help but pay tribute to the pioneer in representation of women in this parliament, Miss Agnes Macphail, who was always a champion of the things which she considered to be fair and equal for all people.

I think I would have to take a little exception to the minister's remarks with reference to the United Kingdom because, although, as he says, there has been no legislation there, the schemes to introduce the principle of equal pay have extended into many fields. Apart from the non-industrial employees to whom he referred, those generally in the civil service, both at the local government level and at the higher level, have been covered in schemes which have been brought down, the first of which, of course, for civil servants in general took effect in February, 1955, and the second one on the local government level in July of last year. But in addition to that the scheme also is currently in operation covering school teachers in England and Wales, which came into effect in May of last year and a further one covering teachers in Scotland, which came into effect in September. The principle is now being extended to the nurses and to rail transport workers. Therefore it is gradually growing in the United Kingdom, as it is elsewhere.

In Canada, of course, with regard to the provinces, two more provinces passed legislation this year covering equal pay, namely, Manitoba and Nova Scotia. They are the most recent converts to the principle. This

now brings to five the number of provinces in Canada which have adopted equal pay legislation.

The minister also remarked on the United States and the fact that 16 states and Alaska now have equal pay legislation. Three of these adopted the legislation in 1955, of course; and, despite the fact that the minister points out the United States has not yet adopted legislation, it is significant that this year, in his state of the union message, President Eisenhower stressed the point that equal pay for equal work, regardless of the sex, is, in his words, "a matter of simple justice".

The numbers of women who have been engaged in paid employment have increased steadily in Canada, as they have in all other countries, and there have been improvements from time to time in the matter of remuneration, in working hours and in general conditions; but, as was pointed out in an article which appeared on this subject in the *Christian Science Monitor*, those improvements have hardly kept pace with the importance of the woman worker in the labour force.

The minister has said that in Canada we have now one and a quarter million women engaged in paid employment. The latest figures which I was able to procure are for May of this year. They show a force of 1,312,000 or, as the minister has said, slightly over the million and a quarter mark. They represent well over 23 per cent of the entire labour force of 5,664,000.

As time has gone on and as the numbers of women engaged in employment have increased, there has been a change in the wage structure in all countries, and this is reflected in the report which appears in the *International Labour Review* of March, 1956. After an exhaustive study and the citing of some very interesting figures the whole article concludes with these words:

> Since the narrowing of differentials has taken place during a period of rising real wages during which conditions have improved in the lower-paid occupations and industries more than in others, the basic trend can be considered as one "levelling-up". Thus the net result has been not only improved conditions for wage earners as a whole but also greater equality between occupational and industry groups and between the sexes.

When one speaks of equality in the field of remuneration one necessarily becomes curious as to the number of persons who are in the various pay groups and therefore I referred to the tax statistics for 1955 published under the authority of the Minister of National Revenue. I find that for the taxation year 1953, which is fairly recent, according to the statistics which are available, in the wage group under $2,300 the number of female taxpayers greatly exceeds the number of male taxpayers. This points up the fact that a great many women must be receiving less remuneration for their services than men for the reason that there are, as we have said before, only 23·2 and in 1953 it was less than that. In 1953 about 22 per cent of the entire labour force were women, yet in the earning group of taxpayers earning under $2,300 female taxpayers greatly outnumber male taxpayers.

Of all taxpayers we have a total of 814,340 males and 708,150 females, a difference of about 12½ per cent in the number of taxpayers and a difference of 78 per cent in the number of persons. This serves to point up the fact that whereas women represent only about one-quarter of the labour force, when it comes to paying taxes they greatly increase in importance. I hope the Minister of National Revenue is conscious of this fact.

I should point out, Mr. Chairman, if I did not mention it previously that the figures I have just quoted are for single persons. When we move into the field of persons who are taxed as single but who are supporting one or more dependents we find that in the male classification there are 122,490 and in the female classification there are 30,360, something around 25 per cent as compared with 22 per cent of women engaged in paid employment.

It appears that the alibi, if you like that expression, which has frequently been given for refusal to consider equal pay, that women after all are not the supporters of dependents and consequently need not be considered as requiring the same amount of remuneration as men, rather falls short of the mark. It is interesting to observe as these tables come out year by year that the number of women who are supporting dependents increases as the years go by. I will not weary the house by quoting further statistics because they are readily available in this volume for anyone who wishes to examine them.

This is a principle which has long been given lip service by all political parties and in most countries. It is gratifying that we now have at least a recognition in concrete form of this principle in this house.

The minister has said that in approaching a study of the legislation which will be before us shortly we should not be too legalistic, and I think that is probably true. On the other hand, those of us who are keenly interested in this type of legislation could perhaps be forgiven if we have a desire to look for the loopholes which might exist in this legislation. I do not suppose any one of us who

studied the legislation we passed last year revising the Unemployment Insurance Act ever thought the interpretation which was later given to it would result in so many disqualifications. It should be a lesson to all of us not only to watch the actual phraseology of the legislation itself but also to be wary of the regulations which may be put into effect and the interpretation which may be given both to the regulations and to the actual legislation.

Therefore, Mr. Chairman, I would just like to make the comment here that regardless of the perfection or lack of it of the bill which may be brought down, if the minister's department is not prepared to give to that legislation a sympathetic interpretation and to provide regulations which will make the working of that legislation flexible and effective, then the legislation itself will be worth nothing. I am sure the minister agrees with me in this regard and I hope that, after the experience we have had in the other fields, he himself will be particularly cautious and will be on the lookout for anything which may be introduced at the regulation and interpretation stage which would nullify the effect of the legislation.

It is not my intention to continue beyond the few remarks I have made today because I am anxiously awaiting the terms of the bill itself. However, I would like to say that in the minister's remarks he rather implied that this legislation was probably a reward for participation in the labour force for the work which women had done and are continuing to do and that it will perhaps be an inducement to increasing numbers of them to enter gainful employment. I do not think any of them wants rewards. What they want is their just due. I would just like to conclude my remarks by again referring to the comment of President Eisenhower which I quoted at the outset of these few words, that this legislation is simply a matter of justice.

Mr. Gregg: Mr. Chairman, I would just like to point out that the expression I used, I think, was that this is evidence of recognition rather than a reward, which is quite different.

Mrs. Fairclough: Right.

Mr. Barnett: Mr. Chairman, I do not propose to enter into any discussion as to whether this legislation is a matter of recognition or of reward. Our feelings at this time are somewhat akin to those of the minister in that we have a certain disposition to say, "Me too," to the hon. member for Hamilton West who has quite properly, because she is a woman member of this house, carried the ball for some time in connection with this particular piece of legislation. As has been pointed out by the hon. member for Hamilton West and the Minister of Labour, this legislation is simply carrying forward what was proposed first of all by the first woman member of this house, the late Miss Agnes Macphail. I think it might be worth while if I put on the record the precise terms of the resolution we have before us because, as far as I can recall, neither of the two speakers who preceded me has done this. The resolution reads:

> That it is expedient to introduce a measure to provide equal pay for female employees as compared with male employees of the same employer, for identical or substantially identical work in federal works, undertakings of businesses; and to provide further under the enforcement procedure for the appointment of referees who may be paid such allowances and expenses as may be approved by the treasury board.

As the minister pointed out, this resolution has been on the order paper since the beginning of this session. One cannot help but recall something that occurred in this chamber not very long ago, of course not while the house was in session. I do not know whether the Minister of Labour was among the hon. members who stayed behind the curtains on the occasion when this chamber was filled with representatives of the business and professional women's associations, but I think there were many of us who thought that perhaps the terms of this resolution should be somewhat revised to make sure that discriminations which have existed in the past may not be in effect in reverse in the future. It might well be that some time in the future a minister of labour for Canada might have to make some amendments to the act along those lines. Perhaps I should say that if that crisis should arise we could hope that it would be a woman minister of labour who would be introducing those amendments.

When this legislation is boiled down it is actually a further recognition of the fact that there are certain rights and dignities which should belong to all people regardless of their sex, colour or creed, as part of the recognition that they are human beings equal before God. For that reason I along with the other members of the C.C.F. group in this house hail the introduction of such legislation as something of a milestone in that direction; and certainly we will be prepared to give full and careful consideration to the details of the bill when we have it before us. If we feel there are ways in which it can be improved to further the purposes for which it is designed we may have some suggestions to make at that time.

It is hardly necessary for me to say that we are most wholeheartedly in support of

this proposal. However, in saying that, we recognize, as has the minister, that legislation is not a complete answer to any form of discrimination or intolerance, that there are limitations to what can be done by legislation in this particular field. Those of us in this house and Canadians generally should not feel that once this bill becomes law the battle against this particular form of discrimination is at an end.

In saying that, I might draw to the attention of the minister an example which I consider indicates the real value of this type of legislation. The union, in an industrial plant with which I happened to be familiar and which had been certified as the bargaining agent, had been endeavouring to have a certain policy of racial discrimination abolished in the plant. The question had been discussed and negotiations opened in various ways over a period of some years, but they were unsuccessful as far as the union was concerned. Gradually the union had narrowed down the area of bargaining until it was felt that this matter might soon be resolved to their satisfaction. At that time the government passed the Canada Fair Employment Practices Act and while that act had no jurisdiction over this particular plant it proved to be the straw that broke the camel's back. The mere fact that the parliament of Canada had given recognition to that particular principle, and by that legislation had said in effect that this form of discrimination should be abolished, was sufficient to bring home to that employer the fact that this was something which should no longer be tolerated in Canadian life.

I feel that that probably will be the most important result of this legislation. After all in many parts of this far-flung country, and the parts I know best are a long way from here, what this parliament does in matters of this kind is regarded with a great deal of respect. The impact upon the thinking of the people of the passage of a bill of this kind is perhaps greater than we may be prone to think. That perhaps is one reason why we regret that other pieces of legislation which we feel would reduce inequities and intolerances have not received the recognition by the government we would like to have them receive.

I think we have to recognize that, if we pass legislation, that becomes the law which should be enforced. That is why I am glad to see that there is reference in the resolution to an enforcement procedure, and it is to be hoped that that procedure will have some teeth in it. While the legislation will have some impact, nevertheless we all recognize that there is always a minority who seem to have no appreciation of proper human values. That is perhaps the strongest argument for putting into legislative form such principles as are involved in this resolution. To those people who have no regard for the dignity and the rights of people, the threat of a possible prosecution very often is enough to bring them into line. Few people like to have to appear in the courts and to receive the publicity that is attached to a conviction for a discriminatory practice. Therefore the fact that there is going to be this law with teeth in it, even though one may recognize that by clever arguing certain loopholes may be found, the mere fact that it is there and that prosecution is possible will in itself have a salutary effect in the particular field that this legislation is designed to cover.

One of the further effects of this type of legislation is that it is going to be a step forward in the matter of the proper and careful evaluation of what is involved in a certain job category. It is going to mean, I think, a further step in the direction of the setting of wage levels on a proper and—though I hesitate to use the word—scientific basis, because I think we all realize that until fairly recent times the wages paid to either male or female employees have been set on rather haphazard lines. In some cases it was a matter of as much or as little as the traffic would bear, and a great many inequities have resulted because of that.

I think we all are aware that in recent years there has been some movement towards the setting of standards which are just and equitable having in mind all the various factors that are involved in the content of a certain job. I think that this legislation will serve to put the movement forward another step so that jobs will be paid for on the basis of what they are really worth and not in each particular instance because of the fact that perhaps an employer is able to exert more pressure upon a woman than upon a man and all those factors that have come into play in the past.

Without further prolonging my remarks at this time I simply want to say again that I am quite happy that the minister is bringing forward this legislation at this time. I have been a little worried once or twice during the session that we might have seen this session coming to a close without this bill being brought forward, and I am glad to see that we have it on the way.

Mr. Hahn: We in this group also welcome the resultion at this time. I must admit that I felt somewhat as did the hon. member for Comox-Alberni, that possibly we would be drawing near to the close of the session and

the resolution would die on the order paper. We are pleased to see it here now.

The hon. member for Hamilton West suggested that there were only five provinces which had similar legislation on their statute books. I wonder whether she has given any consideration to the fact that some provinces do not find it necessary to pass legislation for equal pay for equal work, since they have no discrimination in their present legislation that would make it necessary. I am thinking specifically of the province of Alberta, where I am told they have no necessity for this type of legislation, there being no discrimination. The teachers' salaries are on an equal basis and I understand that the other civil servants and other employees of the provincial government are likewise and therefore the legislation is not needed.

In my own province of British Columbia the government saw fit to pass such legislation a year or two ago. I must say at this time that again I would agree with the hon. member for Comox-Alberni, and I am pleased to see some teeth put into this legislation, which will make its implementation possible. It is useless having legislation unless one can guarantee that it is going to be implemented, and that might be one of the problems with which we shall have to deal more specifically at a later date.

The principle of equal pay for equal work is, I think, one that should be recognized throughout this nation as possible in every industry. It gives me some concern and wonder as to why we did not include the word "sex" in our revision of the employment act when we were redrafting it last year. I think the suggestion was made that in the fair employment section of the act, if we introduced the word "sex", there should be no discrimination and that that would take care of this situation and give a guarantee against the need for this type of legislation in this country.

The fact that our government has taken the lead in this, as well as the many provincial governments that have done so earlier, is desirable. It may be somewhat of a guide to employers in the future to arrive at a decision as to whether further legislation should not be brought in or that they themselves could organize to see that labour across this country as a whole is treated the same. For instance, I find on examination that there is a great deal of discrepancy in the wages paid in different parts of this country, not as between male and female necessarily but as between males themselves. I have an example in mind in Saint John, New Brunswick, with which I am sure the minister is familiar. The mill workers begin

in the lumber business at a beginning wage of 70 or 75 cents per hour, I am told. In my own province, in New Westminster, the beginning wage is $1.60 per hour, and the cost of living is very similar in those cities.

Whilst we have legislation here respecting equal pay for equal work by men and women, I wonder whether some day we shall not find it necessary to introduce legislation of a similar nature covering a greater field than we have now. I could cite another example in the case of check-out girls in supermarkets in the city of Ottawa. I find that in this city the maximum wage paid a girl employed on that work is something like $40 per week. The maximum wage in the city of New Westminster for girls in similar employment is $55 per week. That is their take-home pay, I understand, and since I received that figure there has been an upward trend from that through negotiation in British Columbia. The fact is that in New Westminster the beginning wage paid to ladies employed as check-out girls in supermarkets is $39 per week, which compares with the maximum wage in Ottawa of $40 per week for the same type of work. There may be instances where girls may get more than that but generally speaking that is the wage paid. The universal adoption of this type of legislation could well result in the greatest sociological change of the past half century so far as the Canadian people are concerned if the principle of equal pay for equal work is recognized universally. It would then remain for an employer to decide whether he should employ a man or a woman and he would have to take into consideration not just the fact of having to pay an equal wage but what the results will be on his industry by paying women the same wage.

In many provinces women have special privileges so far as their work is concerned. For instance, there is the fact that these girls who work in stores are not permitted to carry boxes weighing more than a certain amount. The same regulations do not apply to the male. Therefore when an employer decides whether he will employ a male or a female he will, of course, have to give that point some consideration. I am fully aware that that factor does not apply specifically to this legislation because it relates to work over which the federal government has no jurisdiction, but at the same time I cannot help but feel that the adoption of such legislation is bound to have its impact upon the demands of labour throughout the country, and that fact should be recognized.

I can see that the result can well mean that wherever possible women may be forced

to go back to doing housework and that if the employment they seek is going to call for exactly the same wage the employer is going to decide that he cannot get the same or identical service from women because of the special privileges granted under provincial rights and that they should not receive the same pay. Therefore he will employ men instead. That might be to the advantage of the nation as a whole. I am satisfied that women can hold their end up pretty well if need be. As one who has employed them for some time in business, my experience is that they are quite capable of doing certain jobs. There are fields where that does not hold true and where women have been employed in the past. I am reminded of a quotation from Milton—I forget from which sonnet it comes—

An hon. Member: Milton Gregg.

Mr. Hahn: No, Milton. "They also serve who only stand and wait." I believe that the payment to such a person should compare with the payment to the person who is fully employed because just standing around doing nothing is sometimes harder than to be doing something. It is important that we should recognize that the adoption of this type of legislation may materially affect the adoption of similar types of working conditions in industry generally. Some have them today. In recent years I find there has been a great change in employment in my own province in the case of the union that makes agreements with management in the lumbering business. A few years ago a great number of women were employed in the plywood factories in my riding. Today we find there are very few because they are incapable of doing the same type of work. Yet they receive the same pay as men because there is no discrimination in the take-home pay.

I think the legislation is possibly to the advantage of both the male and the female. What its final result will be is difficult to decide. I wonder whether the adoption of the legislation will cause concern to labour and industry and may not result finally in a complete return to the apprenticeship system under which industry feels that just because a person is employed at the same job does not necessarily mean that they will be given exactly the same return for their work. There may be a move to adopt the apprenticeship system whereby industry can get certain employees for less money and still attain the main objective of getting the work done.

Possibly the legislation may result in a policy of piece work payment similar to what was so common in the 1920's. It may mean that we will have a guaranteed wage plus the adoption of the principle of people being paid for the exact number of pieces of work they do or it may even bring about—and this might be most desirable—a sharing of profits between industry and employees. Whether this type of legislation will solve the labour problems of today is debatable. Whether it will result in lowering the cost of living is debatable. It well might do so because I can see that when you pay equal wages for the work done and get the same amount of work out of each individual the result may be that a greater amount of work will be accomplished. The result will naturally be greater production at the same cost or a very slight increase in cost because the difference in wages is not too great today. The result might be advantageous in its effect upon the cost of living. On the other hand, if industry generally is made subject to similar legislation the result might be the opposite effect.

There is one thought that does give me some concern. Are women prepared to accept the disadvantages as well as the advantages of this type of legislation? Today they very definitely receive special privileges either written into contracts or observed by management as such. Just because the employee is a lady she may be given certain definite advantages that are not available to the man. However, there is another factor, the fact that competition may mean, as I suggested earlier, the possibility of non-acceptance of the lady in employment and the giving of the particular job to a man. That would mean that the ladies of the country would of necessity be forced into doing more housework. I am not suggesting for a moment that that is of necessity the result. I am just wondering whether that is not a possibility. I think they are prepared to accept their responsibility and to give up any few small advantages they have today for this type of legislation. I am satisfied that it is a step in the right direction. I am prepared to accept it and I am satisfied that each member of our group is.

On the other hand, I wonder whether men are prepared to accept the challenge of women who see here a material advantage, and I would caution all men to look to their laurels. Women are marching forward. They may become the breadwinners for their families and dishpan hands may be our lot.

Mrs. Shipley: Mr. Chairman, I of course am very pleased, as all women in Canada must be, that this principle is to become a matter of legislation. I was interested in the remarks made by the hon. member for New Westminster. He has indeed pointed up a problem which may arise, that under certain

circumstances women may be priced out of the labour market when this law becomes effective. However, that is the strongest argument for having the legislation drafted in such a way that it is up to the women themselves to lay the complaint before action is taken. Under such circumstances I have reason to believe that would be the type of legislation we would have because the minister has expressed himself as being against having someone go around, make an inspection and raise the issue when no complaint is laid by the individuals concerned. The women are not too foolish and I am quite sure they would not lay complaints if they felt that the economy of the small industry, or whatever the case might be in the small community, would be jeopardized.

Along that same line I have some figures with regard to complaints laid under the Ontario legislation. That legislation became effective on January 1, 1952. I have the figures here up to March, 1954. There were 122 persons involved in the complaints but only 10 employees. That is in a period of something over two years. However, that does not mean that is all the passing of the legislation accomplished because, of course, once the legislation became law it was possible for groups of women—and I am thinking of school teachers and other large groups such as that—to get equal pay without being obliged to lay the matter before the investigating board. Furthermore, there may be many other instances—and I believe this to be true—where perhaps an obvious injustice exists and where women for some reason are loath to take the matter before the authorities. However, there is nothing that we can do here to take care of that situation. It is up to women to talk to women and to encourage them to get justice.

Now that we have every reason to believe that the legislation will be passed shortly, women's groups and individuals throughout Canada are concerning themselves with what the wording of the act might be. We were criticized mildly either for delaying the passing of the bill presented by the hon. member for Hamilton West or the government not bringing in one earlier. The minister has told you that he wanted the legislation to be effective and that he did not think the wording suggested or the wording in some other act was perhaps the best that could be obtained. The women's organizations and others are concerned over just what that legislation might be.

I should like to read you some comments made by the late Senator Taft when this matter was before a special committee of which he was the head. You all know of the great study he made of labour conditions.

[Mrs. Shipley.]

Bills of this nature were introduced over there in the United States at approximately the same time as the late Miss Agnes Macphail introduced one here and they have been before the United States senate and congress ever since then. In discussing the matter in a committee the senator had this to say:

> No basis is provided for determining what jobs are comparable in character, what jobs require comparable skills, what is a comparable quality of work, or what operation is similar to another. A zealous administrator, given this blank cheque, could find quite different types of work to be comparable in character . . . Many factors go into the determination of the wage rate. The terms "work of a comparable character" and jobs which require "comparable skills" are so general and vague that the administrator of the law under such an ambiguous grant of power could destroy the sound wage structure which an employer had worked for years to perfect. Can any employer determine with certainty that he is in compliance? There are degrees of similarity between various jobs and the task of measuring accurately the "skill", "care", "energy", "working conditions", etc. that goes into a given job and at the same time predict that a Department of Labour investigator would make the same valuation is an impossible one.

Then Senator Donnell is quoted at the same hearing as having said:

> I think there are few representative of labour or management who would claim that it is possible to develop a job-evaluation system which could be depended upon in all cases to produce fair and mutually acceptable determinations of "work of comparable character on jobs the performance of which requires comparable skills".

Then he goes on to speak further on the same subject. These are the very words, or are almost the identical work words which were in the private bill presented by the hon. member for Hamilton West.

Of course I do not know, nor do you, what will be the words in the bill that will be presented by the minister tomorrow, I believe. But I think the hon. member for Hamilton West said in effect that no matter what those words may be, it will be the sympathetic administration of this act which will create the greatest good. I am not too much concerned about the words. I hope they will please most of the women's groups. However, I am reasonably confident that we shall have sympathetic administration.

Mr. Drew: Mr. Chairman, the house is now dealing with this matter in committee. As has been indicated in the remarks that have already been made, it will be necessary to wait until the legislation is before us until we see the exact wording of the measure that we are all anxious to support. I want to point out, however, that the introduction of this resolution represents a very gratifying and, I should think, very heart-warming reward to the hon. member for Hamilton West for the efforts she has made now for

many years to bring this matter to the attention of the house and of the people of Canada.

The hon. member for Hamilton West brought similar legislation forward in 1953, again in 1954 and again in 1955. It was not debated or voted upon in 1953 but there were debates and votes in 1954 and 1955. On each occasion the government saw fit to oppose this legislation. I am not going to elaborate on that point now. We welcome the fact that the government has adopted this principle. Already it is in effect in five of the provinces of Canada and it has been giving satisfaction where it is in operation. One of the things that I should like to mention is the fact that, far from placing the men at a disadvantage in any way, this legislation should actually be welcomed by men. The very fact that women workers are placed upon a basis of equal pay for corresponding work is in itself an advantage to men and an assurance that the wage level will be maintained. This is therefore a matter of just as great interest to the men who are in the ranks of our workers throughout Canada as it is in the case of the women. Nevertheless, there is a special reason why we all welcome this legislation. It is one of those steady and progressive changes in our society to indicate the extent to which we realize that there should be no differentiation between men and women in the return they receive for the work they do.

I believe that this is a very desirable piece of legislation. I shall await the legislation itself. Certainly, we agree it is expedient that legislation of this kind be brought in and once again, in supporting this resolution, let me express my congratulations to the hon. member for Hamilton West on seeing this positive result from the steady and constant efforts she has made to arouse interest in this subject.

Mr. Dupuis: Mr. Chairman, you may probably remember that I supported and voted for the resolution brought forward by the hon. member for Hamilton West in this connection. I must congratulate the Minister of Labour and the government on having brought forward the necessary legislation to comply with the suggestions made in this chamber. It will be a good example to all provinces that have not adopted the same point of view and, of course, to employers in general.

I wish to limit my remarks to a question which I desire to put to the minister. Will this legislation apply to crown corporations, to the Canadian National Railways, the national harbours board, the Canadian Broadcasting Corporation and similar bodies over which the government has an indirect control? If we need new legislation to change the respective charters of these different bodies, I think this is a good time to suggest it, because, after all, these people are considered as indirect employees of the federal government, and I think this legislation should apply in the same way to the different bodies I have mentioned.

Mr. Gillis: Mr. Chairman, our expert on this particular question has already registered the opinion of this group. I should like to say, Mr. Chairman, that this question of equal pay for equal work is something that has been at the masthead of the labour movement of North America, and perhaps of sections of the world where there is a labour movement, for a good many years. The slogan "equal pay for equal work" is all-inclusive. What we are doing now, of course, is establishing that principle in so far as federal employees are concerned.

When a bill such as this is passed in the country everybody outside immediately thinks that it is legislation that applies nationally. You get a lot of letters such as you receive on antidiscrimination, but it merely applies to federal employees.

The minister made it clear that he believed this bill affected some 73,000 female employees employed by the federal government. Of course, all legislation is as good as its administration and there are going to be administrative difficulties in this. There are one or two thoughts I should like to leave with the minister. First, I think the need for this legislation was proven by the job evaluation surveys made by most of the labour unions throughout North America during the past 15 years. Practically every industry of any size is now organized and has its research personnel. Part of that research personnel consists of job evaluation officers. During the surveys that have been taken over the past 15 years a need has been shown for this type of legislation. The statistics upon which that need is based have been gathered by most of the labour unions across the country.

I think the war proved that there were many sections of industry where women could be employed, but at the beginning of the war, as those of us who were in the house at that time can remember, in shipyards and in other industries where women were trained to take jobs it was the practice of the employer to try to hire them for 15 per cent, 20 per cent or 50 per cent lower wages. During the process of the war the unions did a pretty good job in levelling out in the aircraft industry, in shipyards and in other industries, this question of equal pay for equal work. There are many sectors

in industry where women can replace men and, in some places, such as the aircraft industry, they can do a better job and a faster job.

The point I should like to make to the minister is this: the enforcement of the legislation is very important. Where there are unions or civil service organizations already set up they have determined the schedules, the rates of wages, and how they shall apply.

With respect to the principle of this legislation, I would assume that the court of referees or the referees would come into the picture only after the union or the civil service organization has a chance of examining any protest that may be made by way of a grievance after it has gone through the mechanics of the bargaining contracts or the civil service schedule of rates. Then the board of referees will come in. I would want to be careful about it and to know that we are not setting up a superbody that is going to displace the mechanics of collective bargaining in industry, and there is some under the federal government, or the rates and schedules that have been built up over the years and the practices that have been laid down by the civil service. I suggest that any appeal to the court of referees should be processed through either the collective bargaining organization or the civil service organization rather than through an individual. I do not think we want to start writing collective bargaining agreements on the floor of the house. This is one point the minister will have to keep in mind.

Instead of setting up a court of referees that is going to handle individual grievances arising from individuals we should see to it that that court of referees come into existence only through the due process of the collective bargaining organizations, or the civil service organizations. This is the point I wanted to make, Mr. Chairman, and I trust that when the bill comes in the position and the authority of the court of referees will be clarified, and especially when they come into action.

Mr. Schneider: I should like to say a few words on this resolution having to do with equal pay for women before the bill is introduced. I have not heard anyone speak during this short debate on the very serious question of neglected children of employed mothers. The recent serious increase in juvenile deliquency is no doubt caused by the absence of mothers from the home, leaving children to their own devices after school and during noon hours. The more attractive the pay offered by industry and offices, the greater number of mothers there will be who will desert their children during working hours. I have no objection to single women drawing equal pay with men.

Can the Minister of Labour include in his bill a provision for consideration of the plight of neglected children of mothers employed? Can we not stipulate that the mother of children up to a certain age should give proof that her children are properly cared for? Often the purpose of earning extra money is good, such as helping to pay for the home or necessary equipment such as washing machines, refrigerators and so forth. But quite often the purpose of this extra earning is to pay for cars, television sets and other luxuries. I would ask the minister to provide in the act, if at all possible, for regulations to prevent this too common neglect of children today.

There are few members in this house who realize the difficulties of defining the difference in work which can be done by both men and women, and I feel that such decisions should definitely be left to the judgment of management and of the plant union. Problems differ in various plants. I have great faith in the Minister of Labour and I would ask him to consider this problem of neglected children in Canadian homes.

Mr. Hees: Mr. Chairman, like all other hon. members of this house, and I am sure the people of Canada, I am glad to see this resolution make its appearance. It deals with a subject which has been necessary for some time to be brought in as legislation. This is legislation which is desirable and long overdue.

As the Leader of the Opposition said this morning, and as other hon. members have implied, the appearance of this legislation is due very largely to the efforts of the hon. member for Hamilton West, and the many women's organizations across Canada which have been pressing for it for many years past.

As the Leader of the Opposition said, the hon. member for Hamilton West introduced a resolution in 1953 which was not debated, and in 1954 and 1955 when the resolution was debated. Many of us were extremely sorry to see that the government did not adopt that very sensible resolution of the hon. member at that time and bring in this legislation several years ago. It seems regrettable to me that it has been held up so long. This is a matter that has been discussed thoroughly by labour bodies for some time, and it seems to me there has been unnecessary delay in bringing in this very desirable legislation.

As was also indicated by the Leader of the Opposition, this is not only good legislation for women; it is also good legislation for men, because it protects their jobs. As one who has been connected with industry for some time, I know that in many industries, if it is found that a woman can perform a job as well as a man, the man will be displaced and a woman will be taken on in his place because she can be hired at a lower rate of pay. If it becomes necessary by law to pay women the same rate that is paid to men for doing a certain job, then of course the men who might formerly have been displaced will not be displaced in future, and this will be a protection for their jobs.

As has been said this morning, this legislation is in operation in five provinces, and I very much hope that it will soon be in operation in all of our ten provinces. I think this legislation will be an example to the other five provincial governments to bring in similar legislation as soon as possible. I also hope it will serve as an example to industry generally, and that equal pay will be afforded to women in the near future for jobs which they perform alongside of men.

The hon. member for Waterloo North said that the children of working mothers were very often neglected. Social workers report that generally this is not the case, and that the children of working mothers are frequently better looked after than are those of non-working mothers. I am wondering from what the hon. member said this morning if he is making a charge against the working mothers in his own riding of Waterloo North that they do not look after their children as well as mothers who do not work.

Mr. Schneider: They cannot look after them as well while they are working in factories.

Mr. Hees: I was very interested in hearing what the hon. member said. In conclusion I would say that like many other hon. members, I am glad to see this legislation make its appearance. It is legislation that is good for both men and women, and it has been long overdue. I am pleased to see that at long last the government has listened to the urging of the hon. member for Hamilton West and the many women's organizations across Canada which have been pressing for it and that finally the government has decided to bring in this measure.

Mr. Knight: Mr. Chairman, like many other hon. members I am interested in this resolution practically, I suppose, because it seems perfectly obvious and reasonable that if a piece of work is done well the employer should not care very much by whom it is done and the remuneration for the doing of such work should be the same whether the person who does it is a man or a woman or even a child, despite the fact that it might take the child longer to do it. Please do not misunderstand me. I am not going to take the retrograde step of going back to child labour which it took so many hundreds of years to eliminate.

Philosophically, I suppose, I am interested in the bill because it is another step in the long struggle for the emancipation of womanhood. That is also too long a story to go into here.

I really rise to my feet for one purpose and that is to bring out an idea which I do not think has been brought out sufficiently strongly this morning although the minister, when he spoke, quite rightly paid tribute to the work of the hon. member for Hamilton West and the work of Miss Agnes Macphail, both of whom were advocates of legislation of this sort in this House of Commons. All honour to them and to others like them. I am quite sure that the efforts of Miss Macphail in particular—and I say this with due deference to the hon. member for Hamilton West, but Miss Macphail got an earlier start—certainly had a great influence upon the thinking of labour unions and farm people and most certainly upon the thinking of the hon. members of the political movement to which I belong.

We have, of course, some cases where discrimination of various kinds raises its ugly head even in this extremely advanced country, or so we call it, of ours. Fortunately it does not exist in the same degree as in some other countries. I remember watching some girls selecting oranges from a movable belt to pack them in boxes. The girls on one side of the wall had skin of one particular colour and those on the other side of the wall had skin of another colour. I asked the foreman what the wages were in each case and I discovered that the ratio was about 4 to 1 in favour of the girls of one particular complexion, of one particular ethnic group, amongst the people we saw working.

When the minister was speaking he used the words "the crystallization of public opinion". I was thinking perhaps more of the initiation of opinion amongst the public in regard to these things. It occurred to me that it is not always and indeed it is not often those people who are burdened with the responsibilities of government who lead in the fight for reforms of various kinds.

I am thinking, for instance, that when we talk about the emancipation of women we should be ashamed of ourselves that women

received the vote at such a late date. My thinking takes me away back to the scenes and days of my boyhood when the suffragettes used to throw bricks through the glass windows of shops in London. You could perhaps call them fanatics if you like. They certainly were fanatical along that particular line but I suppose their fanaticism served a useful purpose. I think their attempts to gain independence occurring prior to the first great war certainly impressed the minds of the people during the war when women did come into their own in the matter of taking their place side by side with their men in the war factories of Great Britain.

The point I really want to make is this. I said it is not always those who are burdened with the responsibilities of government who are the cause of reform and I think that is perhaps one of the most valuable functions of an opposition. I am thinking of private members' resolutions such as those we had introduced in this house by the hon. member for Hamilton West. In this party we have an hon. member who has probably introduced more private resolutions than has any other individual, and I am thinking of the hon. member for Winnipeg North Centre. There is satisfaction in seeing certain ideas embodied in legislation. Ideas advanced by the hon. member have proved to be of benefit, as will this resolution, to the people of this country.

Legislation providing for the emancipation of women indicates the great need there is throughout the world for greater steps to be taken to see that women are given the franchise. I shall not attempt to give a list of those countries where the franchise is denied to women, but I do want to emphasize this idea of private members bringing forward resolutions which quite often are the basis for legislation some time in the future. Sometimes I find some fault with the impatience shown by my friends on the government side. They are quite often inclined to be impatient with resolutions moved by members of the opposition. That impatience to me is very childish. They take the attitude that they are the government, that they should run the country, that they should bring in any resolutions which are needed, that they represent the will of the majority. The practice is to toss out or to vote out any resolution moved by the opposition.

I am coming back to the minister's statement about the crystallization or I would say the initiation of public opinion in regard to any particular idea and which eventually finds itself incorporated in the form of a resolution which is of benefit, not only to those who are in opposition but to those who sit on the government side.

[Mr. Knight.]

I know that I have at times wearied the house with a resolution in regard to federal aid for education. I remember one misguided Liberal friend—they are not all misguided—who characterized that resolution as being simply a move for political purposes, a deliberate attempt to deceive the public. That simply indicated the supreme ignorance as to one of the most important functions of the opposition.

That is the point I thought I would make in regard to this resolution. I do believe that members can perform a useful service to the country by bringing up such matters in this house. That is one of the things we were sent here for. We should bring up these matters so that they may become publicized, so that they may be discussed throughout the country, so that they may become popular. Then the government, which is always watching which way the water is flowing or, if I may use another simile, which always has its ears pretty close to the ground, decides that, as a majority of the public wants it, it will bring in a resolution to that effect and the thing becomes law.

I congratulate the government, I congratulate the minister, I congratulate those who initiated this idea. I am pleased it has been brought before us and I shall look forward with interest to seeing the terms of the bill.

Mr. Van Horne: Mr. Chairman, may I add my word of praise for the work done by the hon. member for Hamilton West for the past many years in her efforts to bring this bill about. I also wish to extend congratulations where they are due. This bill has been a long time coming and it will do a great service and provide justice for the women of Canada. However, I have a problem in my particular riding which has to do with equal pay for men.

A few minutes ago one member of the Social Credit party spoke of men being paid $1.60 per hour in British Columbia. In New Brunswick men are being paid for doing the same type of work 65 cents an hour. The hon. member might also have said that in some areas in my riding men are receiving for doing a day's work less than they would receive in the form of unemployment insurance benefits.

In my riding there is an industry which exists because it is subsidized by cheap labour. The ills which face the economy of the maritime provinces are grave, but surely this government should recognize that the labouring man should not be expected to subsidize industry or the losses brought about by poor government regulations in the province of New Brunswick.

Let me give one example. There is a factory in one little town in my riding where the workmen receive $6.50 for a nine-hour day. But they have to pay $1.50 to $2 per day for board. When it is raining they are unable to work and are not paid, but they still have to pay board. The net result is that these men, many of whom have large families, have to get along on less than they would get if they were receiving unemployment insurance benefits. In British Columbia men doing the same type of work would be paid $12 to $15 a day.

What is happening is that the labouring man in my riding is subsidizing industry which is being prevented from existing because of high transportation costs, because of high power costs, because of a hundred and one reasons which should not—

Mr. Gregg: I hate to interrupt my hon. friend, but I think the committee will agree that what he is talking about now has no relationship, directly or indirectly, to this resolution.

Mr. Van Horne: I shall be pleased to amend my completed remarks to conform to the terms of the resolution. It is a pleasure for me to express the satisfaction which we have in seeing this enactment brought about.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Castleden: It is not my intention to take any more than a minute or two to say a few words in support of this resolution. Equal pay for women for work identically equal to that done by men certainly should have the support of every member of this house. The resolution limits this, however, to federal works. The resolution reads:

> To provide equal pay for female employees as compared with male employees of the same employer, for identical or substantially identical work in federal works, undertakings or businesses;

It seems rather ridiculous that a resolution has to be introduced in 1956 to establish the right of women to receive equal pay for equal work. By what right can employers say, "You get less pay for doing exactly the same work as a man, merely because you are a woman"? It is a relic of the dark ages. It is a shameful thing that this has lasted as long as it has in Canada. We are at last taking a belated and very short step towards establishing some elements of justice in this field. It is an unfortunate thing that the government of this country had not recognized this right earlier. I can remember during the war years asking ministers of labour to establish this right for the women when they were working in the factories and war plants and carrying on their task while men were away fighting and to recognize that the women who did such a splendid job should receive the same pay for the same work. That right was denied.

This bill moves towards the elimination of a piece of discrimination which should never exist. If a women did not do the same amount of work, I would say that perhaps she is not entitled to the same pay, but if she does the same work by what right has the employer to make more money out of her employment than out of the employment of a man? Out of such employment he makes so much profit for his organization and the company that he is directing and operating. I do not know why that should exist in Canada. We are pleased certainly to see at last this little bill coming forward and saying that in federal works at any rate the women who do identically equal work will receive equal pay. We have advocated that for years, and I have never heard one person give a legitimate reason why the women should not receive equal pay. This group has fought to remove this discrimination against women ever since the party was formed in 1934. We are glad to see them moving forward. The day is not far distant when organized labour will unite and demand of the governments in all parts of the country that this be universal and that when a woman does the work of a man she should receive equal pay.

I do not know why the government has sat in power for 20 years and has continued to receive the support of the people when it would allow this kind of thing. It is merely a sign that the people are not aware of the injustice, or those who should be speaking about this matter are not doing so. Perhaps the new organization of Canadian labour will take up this subject. Perhaps the fact that the national unions organized in Canada are united at this time is belatedly causing the government to move. At any rate, let us hasten this legislation through and let us wipe this injustice and discrimination against women off the books in Canada and establish a condition in this country to which we can all look with pride.

Mr. Brown (Brantford): I am very happy to be able to say a few words in support of the bill that is forecast in this resolution. I remember that during the first session of this parliament I supported and voted for the bill introduced by the hon. lady from Hamilton West and I was glad to do so on that occasion. Last year I did not give that support to

the bill, for the reason that I understood that the Minister of Labour was bringing down legislation on this very subject. For that reason I am very happy today to be able to support the resolution.

I believe that the legislation that is promised and forecast will be progressive, and I think it is a great step forward in labour legislation. I feel that our government has given leadership at this time in introducing this legislation. I feel that it will be popular; I know that it will be popular in Brantford. I am happy that it has the general support of trade unions across Canada and the labour movement in general.

I have heard some people say that this type of legislation will hurt women to this extent, that many employers, if they are obliged to pay equal salaries to women for equal work, will chose men, and that it will in the end hurt women in seeking employment, but I do not believe that will be true. I have never thought that. I think the Minister of Labour and the government should be congratulated at this time on this splendid move, which I believe will be a landmark in labour legislation.

Hon. Milton F. Gregg (Minister of Labour): I should like to make a very few comments in regard to some of the questions raised. First of all I should like to acknowledge the speeches made by the two hon. ladies of this house who have spoken: first the hon. member for Hamilton West for the manner in which she agreed to transfer her support from her Bill No. 6 to my bill; and second the hon. member for Timiskaming for her expression of faith that this oncoming legislation will be well and carefully administered. I sincerely hope that her faith will be justified and I think it will.

The hon. member for Comox-Alberni gave a brief personal testimony to the far indirect effect of the former legislation that was brought in against discrimination. I was glad he did so, because it is in that field that I think this legislation that is coming down will have some effect, in a field where it may not have any immediate direct legal application whatsoever.

The hon. member for New Westminster thought that perhaps a result of this action might be a growth in apprenticeship training. If that is so, I shall not be sorry. He also said that it might mean an extension of piece work and it might mean extension of the idea of sharing profits. Those possibilities, I think, remain to be seen.

The Leader of the Opposition gave the bill his blessing, and for that I am very glad. The hon. member for St. Mary asked questions.

[Mr. Brown (Brantford).]

He asked whether the legislation will apply to crown corporations or to corporations such as the railways. The answer is yes. It applies to all those activities that come under the jurisdiction of the federal labour laws. The hon. member for Cape Breton South placed stress upon the importance of seeing to it that the legislation should not clash with existing machinery for the hearing of grievances by trade unions or by the civil service association. I can assure him that point has been carefully watched and if he can make any suggestions in that regard when the bill is brought forward I shall be glad to consider them.

The hon. member for Waterloo North raised a question which I think we should discuss later, the effect of this legislation upon the home, the family, children and so on, and I am sure the lady members of the house are much more qualified to discuss it than I am. However, I must admit that I do not look with any great amount of fear on the results that may come in that regard.

Mrs. Fairclough: He is off his rocker.

Mr. Gregg: The hon. member for Broadview accused me, of course, of being late in action and that sort of thing. The hon. member for Saskatoon raised another important question, namely, how far the government should go in leading and attempting to crystallize public opinion. That too is a broad subject, but so far as this kind of legislation is concerned I am going to say that I think it would be a very wrong thing to bring in a bill such as this and have it pass the house by 51 per cent versus 49 per cent of the members for the reason that the 49 per cent against would unquestionably reflect not only 49 per cent of the population of their constituencies but a very large body of the women voters of Canada. I think it would be next to impossible for the Department of Labour or any other department to administer an act such as this if it were actively opposed by 49 per cent of the women whom it is designed to help.

I am not going to refer to the remarks of the hon. member for Restigouche-Madawaska because, as I mentioned before lunch, I feel that they were somewhat out of order. But both with relation to the employment of women and men, and in that regard I keep myself in order, I do deplore the way in which from time to time my hon. friend runs down my native province of New Brunswick where he and I would like to be at the present time.

Mr. Van Horne: I am not running down the province. I am running down this foolish government. If the Minister of Labour would

represent New Brunswick in this house as he should we would not have the conditions that exist there. The Minister of Labour and the government are responsible for the conditions that exist there, and do not let anyone tell you anything else.

Mr. Gregg: I hope this incident will be closed—

Mr. Hees: You are responsible for all the low wages paid in New Brunswick.

Mr. Gregg: —by referring to these words which he used and which I took down as he said them. He referred to the hardship of workers brought about by poor government regulations in the province of New Brunswick.

Mr. Van Horne: That is not what I said.

Mr. Gregg: If that is not what the hon. member said, I will take it back.

Mr. Van Horne: I rise on a question of privilege.

Some hon. Members: Sit down.

Mr. Van Horne: The Minister of Labour knows very well what I meant. He also knows that I said that those conditions are brought about in New Brunswick in part at least by the regulations of the federal government, and let no one be mistaken about that. The province of New Brunswick is doing everything it possibly can. It has put into effect minimum wages and it cannot overcome the laziness of the federal government.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Mr. Gregg: Mr. Chairman—

Mr. Van Horne: Is there anything else you want to bring up?

Mr. Gregg: —you understand now why I deplore such statements by the hon. member.

Mr. Hees: Don't you wish you had not brought it up?

Mr. Gregg: I think these are the main points brought up by hon. members. I must say I have welcomed the approval and the enthusiastic way in which the resolution has been received today. I know full well that there will be full opportunity for suggestions and discussion of the details later but I can tell you, sir, that as far as I and my department are concerned we are only anxious to see that the legislation arising out of this resolution shall be simple, as I think it should be, and effective. I think it should help to stabilize employment across Canada and I hope it will commend itself to the women of Canada whom it is designed to benefit.

Resolution reported and concurred in.

Mr. Gregg thereupon moved for leave to introduce Bill No. 445, to promote equal pay for female employees.

Motion agreed to and bill read the first time.

ROYAL CANADIAN MOUNTED POLICE ACT

AMENDMENTS RESPECTING SUCCESSION DUTIES ON PENSIONS AND ALLOWANCES, TIME COUNTED FOR PENSION, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Royal Canadian Mounted Police Act to provide for the payment and recovery of succession duties payable on pensions and allowances; also to extend in certain cases and under certain conditions the time and service that may be counted for pension purposes; and further to provide the funds for the additional liability to the R.C.M.P. pensions account resulting from general pay increases.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Fulton: I would request the minister to outline for us the nature and effect of the legislation with particular reference to those conditions of service which are embodied in one clause of the resolution.

Mr. Lennard: Don't make it too long.

Mr. Garson: No, I will not. The purpose of the bill, as is quite evident from its terms, is to authorize means by which the governor in council may carry out commitments which have already been made under, for example, the police agreement with British Columbia, the terms of confederation with Newfoundland and the like, and the excellent explanatory notes in the bill are so clear that I think any further attempt at explanation on my part is quite purposeless and simply using up the time of the committee to no purpose. I think the points that my hon. friend raises can be much more satisfactorily disposed of in considering the sections when the bill is before the house.

Mr. Fulton: I think the minister overlooks the fact that he and he alone, so far as the membership of the house is concerned, has seen the bill. Therefore we have not had an opportunity to see the explanatory notes. We are asked here to approve a resolution which I must say at once we are disposed to approve but I think we are entitled to know just what its effects will be because there

are some questions that arise. There are some conditions of the pension regulations or arrangements at the present time which we would like to see expanded or amended to take care of conditions which have been brought to our attention. With the proposal to bring up to date the R.C.M.P. pension regulations in accordance with the needs of the time and to rectify certain discrepancies which I believe exist, no one in this party is in disagreement.

But from this, for instance, the question arises as to whether it is not time that arrangements were made so that members of the force might count towards their pensionable service the time which they spent in the armed forces in the last war, in other than the provost corps. That is one problem that I know has been discussed amongst those who are interested in this question. We should like to know just how far this proposed legislation goes towards meeting a situation such as that. Before the resolution carries I hope the minister will make some comment. I may tell him that we are almost certain that we will support it, but we want to be certain just what it is we are doing before we give our approval to it.

Mr. Garson: I have no objection to doing as my hon. friend has suggested. This bill will do four things. In the first place it will provide that the succession duties which are payable in respect of the estate of a deceased pensioner may be paid out of the consolidated revenue fund and then deducted by instalments out of the pension or allowance in order to avoid too great a burden upon the pensioner all at once, especially where the pensioner is a widow.

In the second place, there is a provision which is to permit the members of the Royal Canadian Mounted Police who were absorbed into the force from the province of British Columbia to count for pension purposes all of the time that could be counted for pension purposes under their pensions from that province. As my friend the hon. member for Kamloops is aware, when we took over the policing of the province of British Columbia we took over several members—there were about 15 that would be affected by this bill —who were absorbed into the mounted police. The purpose is to make sure that when they get their pensions they will derive benefit in them not only from the service that they have had in the Royal Canadian Mounted Police but also for service they had in the British Columbia police force.

This legislation therefore has nothing to do with the point about which my hon. friend spoke, namely increasing or changing any benefits in respect of the pensions of members of the Royal Canadian Mounted Police generally. It is just to take care of accrued pensions of the members of the mounted police taken over from the province of British Columbia.

Then we have the same problem with regard to those members of the Royal Canadian Mounted Police that were taken over from the province of Newfoundland when that province, which was then a colony, became part of confederation.

The fourth purpose of the bill is to provide for additional liability to the Royal Canadian Mounted Police pension fund resulting from general pay increases. In other words, if we increase the pay a larger amount must be paid into the fund correspondingly. This bill will provide the mechanics whereby that amount can be paid.

The Chairman: Shall the resolution carry?

Mr. Pearkes: May I ask whether any provision is being made for those ex-members of the force who had already retired and gone on pension long before those increases in pay were granted?

Mr. Garson: I wonder whether my hon. friend would clarify his question? He asks whether they will get an increase in pension because there has been an increase in pay in the civil service? Is that what he means?

Mr. Pearkes: I am not talking about the civil service. I am talking about the mounted police.

Mr. Garson: Yes?

Mr. Pearkes: Their pay has been increased considerably in recent years; but great numbers of the force who contributed greatly to the development of western Canada in the early days are now living on very small pensions. It is that class of people who could be helped tremendously if, on account of the increases in pay which have now been granted to the force, they could receive some small increase in their pensions, or perhaps some small monthly bonus for the number of years which they put in prior to a certain date.

Mr. Garson: Mr. Chairman, from my hon. friend's standpoint I am sure that the increases of which he speaks would be highly desirable. However, the question as to whether or not they should be granted now or at any other time is one that is not relevant to the provisions of this bill. As I said in reply to my friend the hon. member for Kamloops, this bill deals only with the question as to what provision is to be made for mounted police force members who came from British Columbia on the one hand and from Newfoundland on the other. It does

not go to the question as to whether past pensions or present pensions should, as pensions, be increased.

Mr. Pearkes: As we have not the bill before us, it was impossible for me to know that. I was only expressing the pious hope that something might be done for this very worthy class of people.

The Chairman: Shall the resolution carry?

Resolution reported and concurred in.

Mr. Garson thereupon moved for leave to introduce Bill No. 446, to amend the Royal Canadian Mounted Police Act.

Motion agreed to and bill read the first time.

SUPREME COURT ACT

AMENDMENT TO PROVIDE FOR CHANGES IN CONNECTION WITH APPEALS, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 443, to amend the Supreme Court Act and the Criminal Code.

He said: Mr. Speaker, I think perhaps this bill is of sufficient importance that I should make some brief comments on the motion for second reading. The bill will try to avoid certain anomalies and to provide certain conveniences for the administration of the court in a general way. The four main purposes of the bill are as follows. First of all, there is a provision to establish the office of deputy registrar of the court, the intention being that either this new officer, namely the deputy registrar, or the registrar of the court himself will personally report the decisions of the supreme court. With the abolition of appeals to the privy council, now that the Supreme Court of Canada has become the court of last resort in this country, it becomes increasingly important, I think, that the highest possible standard of service should be given in respect of the reports of its decisions. We therefore feel that the editing of these reports, and particularly the preparation of the summaries and head notes and —we hope—the argument of counsel, should be undertaken by a senior officer of that court. After this new arrangement goes through we will have a senior officer look after it. Inasmuch as the registrar could not possibly do it and also look after his ordinary work the arrangement, as I have said, will be either that the registrar or the deputy registrar will do the work of the court registrar and the other of the two will do the reporting. In this regard we have been very fortunate in getting the services of Mr. Harvey who up until quite recently has been editor of the Ontario Law Reports and who I think, by general consent, is regarded as the most able law reporter in the Dominion of Canada today.

Second, we propose to increase from $2,000 to $10,000 the minimum amount that must be involved in a case appealable as of right to the Supreme Court of Canada. The present amount—that is the $2,000 limit—was fixed in the province of Quebec some years ago, in 1875, to be precise and for Ontario the amount of $1,000 was fixed in 1896. In 1920 the sum of $2,000 was made uniform in all of the provinces, and this amount has remained unchanged to the present day. That is to say, the amount that may be involved to entitle a litigant to appeal as of right to the court of last resort in Canada has been, and is at the present time, the same as it was in Quebec in 1875, in spite of the fact that the purchasing power of a dollar, whatever dispute there may have been as to the change in it in the last 10 years, is certainly very much less now than it was in 1875.

Now, this increase to $10,000 would reduce somewhat the number of cases that reach the Supreme Court of Canada as of right but, of course, leave to appeal may always be granted by the Supreme Court. Therefore, what we are dealing with here, inasmuch as all of the other cases can be handled on the basis of application for leave to appeal to make sure that there is some principle of law involved, which should have the consideration of the Supreme Court—what we are really dealing with here are these cases in which there is only a question of fact which has already been passed upon by the trial court and by the appeal court of the province. I think in most of those cases it will be open to quite considerable doubt as to whether there is any purpose in having a further appellate court go over what is a pure question of fact and arrive at some different disposition from that which has been affirmed in both the trial court in which were involved the judge and jury, who have had the opportunity of hearing the evidence given by the witnesses and all of the advantage that that brings and in the provincial court of appeal.

The Supreme Court of Canada, of course, can be applied to for leave to appeal in any cases where that seems to be warranted. It is simply a question of their not having the appeal as of right in these cases we are now discussing.

Third, we propose to alter the procedure on appeal; that is the method by which a litigant who is appealing from the provincial court of appeal to the Supreme Court of Canada launches an appeal in the Supreme Court. The normal method in the provincial

courts is for an appellant to serve a notice of an appeal upon all of the opposite parties to the suit and then file that notice of appeal within the prescribed time in the court of appeal. Under the Supreme Court Act, however, the practice heretofore has been that no notice of appeal is served or filed. Instead the appellant must make an application to the court to have the security for appeal that he must give approved; and when the security is approved the appeal is deemed to be commenced notwithstanding the fact that the other parties to the case have received no other notice of it.

We think it is desirable to bring the appeal procedures in the Supreme Court of Canada into line with that which prevails in the provincial courts of appeal. The bill, therefore, will provide for the launching of the appeal to the supreme court by notice of appeal, by filing it with the registrar within the time prescribed by the act.

Fourthly, we propose to amend the Supreme Court Act and the Criminal Code with respect to the applications for leave to appeal in both civil and criminal cases. At the present time an application for leave to appeal in civil cases must be made to the court, but applications for leave to appeal in criminal cases are, under the Criminal Code, made to a single judge of the court. It is proposed that in all cases the application for leave to appeal should be made to the court but that the quorum on the hearing of the application would be three judges in both civil and criminal cases with the single exception that in capital cases the quorum would have to be five judges.

I think I should point out in that connection that the joint committee on capital punishment made a recommendation the other day that is somewhat different from this provision here, namely, the recommendation which would provide an appeal as of right to anyone who had been convicted in a capital case, and also other recommendations to the effect that the provinces, because it would be the provinces that have the responsibility for the administration of justice, should in such capital cases see that the accused was provided with competent counsel to defend him if he had no means of providing counsel himself.

I suppose there will be those who will say that we should give immediate effect to the recommendations of the joint committee. I am suggesting to the members, however, the present provision for these reasons. In connection with the report of the joint committee on capital punishment, on corporal punishment and on lotteries, there are a number of provisions which can only be implemented by those governments in Canada which, under the British North America Act, are responsible for the administration of justice, namely the provincial governments. In the Fauteux report, which was tabled the other day, there are, it is true, quite a large number of provisions which can be implemented by the federal government, but there are a larger number which must be implemented either by the federal government and the provincial government acting together or which the provincial governments only can implement. That being so, we have felt that inasmuch as these various reports all deal with aspects of what, after all, is one entire problem, namely the administration of justice in the enforcement of criminal law, the least that we could do would be to confer with the provincial attorneys general who have the primary responsibility for the administration of justice, before we attempted to take any action within our own sphere of jurisdiction here to implement recommendations in which the interest of the provinces is at least as great as that of the federal government, if it is not greater. I say that because while we may enact these provisions, it is the provincial authorities that have to enforce them. As we all know, as I think it was stated in this chamber just this very day, no law is any better than its administration. Thus when we are dealing with a problem of this sort we should certainly confer with those who have the responsibility of that administration before we attempt to make any changes in it. Therefore I am recommending to my fellow members and to this house, sir, that in the present circumstances we adopt for the time being this provision that in capital cases the application for leave to appeal should be made to a quorum of five judges; and that this will stay in effect until such time as we can discuss with the provinces, for example, whether they are prepared to undertake this responsibility, which has been suggested, that they should provide counsel if necessary for the accused. We should also at least pay them the courtesy of getting their reaction to this idea of there being an appeal as of right to the supreme court, in which, if they are to undertake the cost of providing the counsel, they must have a considerable interest.

It is for that reason I recommend, as I have said, that we adopt this provision with regard to the quorum upon the understanding that we shall discuss this other matter with the provincial authorities. If a reasonable majority of them are agreeable to adopting this other provision and if we ourselves are advised, that this is a wise provision, we will bring in later amending legislation to provide for it.

There are one or two other minor matters which I do not think there is any purpose in

my mentioning at this time. These four provisions are the main items of the bill and I think we can go into the other details when the bill is in committee.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, there are certain very grave reservations that we have with respect to this bill notwithstanding that in a number of respects it will effect a considerable improvement over the existing arrangements.

The most important ground of criticism as far as we in this party are concerned is that we regret exceedingly that the department has not seen fit to take the important and long overdue step of providing that in capital cases, that is mainly in cases of murder trials, there shall be an appeal to the supreme court as of right. We think that the time for such a provision is long overdue.

After all, as appears from the bill now before us, in civil cases up to the present time involving sums of only $2,000—when I say "only" I am referring there to the sense of comparing a sum of that nature with a man's life—in civil cases involving only $2,000 the appeal is as of right. It is true that the bill before us proposes to raise that limit or that floor, as it were, to $10,000, but I may say at once we are opposed to that. If it passes, then we are still going to have the fact that when a cash sum of $10,000 is in dispute you have an appeal as of right, but when a man's life is hanging in the balance you have to go and apply for leave to appeal. We consider that to be an entirely anomalous situation and one which runs counter to the concepts of justice which should prevail in this country.

The minister has said he is recommending the present proposal, that is that there should be an application for leave to appeal in capital cases to be heard by a quorum of five instead of by a single judge as in the past, but he is doing that instead of going all the way and enacting at once the provision that appeals will be heard as of right mainly on the ground that he feels the provinces should be consulted before the step we recommend is taken.

I might emphasize here that this step, namely making appeals on capital cases as of right, is recommended in the recent report of the special joint committee on capital and corporal punishment, as the minister himself pointed out. The reason the minister said he felt they should consult with the provinces was because the provinces would have to undertake certain expenses in connection with the hearing of appeals if they were allowed as a right and therefore the provinces should be consulted first.

I suggest that that argument is insufficient on two grounds. In the first place it is not as though this were a new suggestion made for the first time and embodied anywhere for the first time in the report of this committee. This is a suggestion which has been before law enforcement officers for consideration for many years. Secondly, the argument that there might be some financial expense incurred by the provinces is one which I venture to say that no province would have the temerity to suggest publicly as a reason for arguing against the adoption of the suggestion.

That sort of argument, to my mind, is even worse than the situation which we find prevailing where, if you have $10,000 in dispute, you can appeal as of right whereas if your life is hanging in the balance you have to apply for leave to appeal.

When a man's life is placed in jeopardy as a result of a charge laid by the crown of whatever province it may be, then it behooves us and it behooves the provinces equally to see that that man has a proper defence and a fair trial; and if, as we recognize in the very fact that we have a supreme court and in the powers of appeal we give it, there are certain issues which are so important that they require to go before the Supreme Court of Canada and we require that court to hear the case as a court of last resort, then to my mind there can be no excuse for saying that this supreme issue, of whether or not a man shall lose his life as a result of our judicial process, shall not come before that court as of right and that we are going to wonder whether we should give the man the statutory right to go to that court because it might involve some expense to the law enforcement agencies of this country. That is an argument I cannot support for a moment. It is not an argument, I believe, that any province would advance publicly. It is just not an argument. It is a line of reasoning that does not stand up in the light of the issues which we are considering in this question.

The minister has said he considers that the matter should be left in abeyance until this report of the committee and all its implications can be discussed with the provinces. That means we are not going to have legislation until next year at the earliest. I point out to you, sir, that men are still being tried for murder in Canada and particularly now when the whole question of the retention or abolition of capital punishment is a question which is so greatly exercising the thoughts of our people it seems to me to be an untenable position for the Minister of Justice to take to say we are going to delay

any longer in granting an appeal as of right to the Supreme Court of Canada in a capital case.

If there had been an appeal as of right the situation in the Coffin case would never have arisen. I have already expressed my very critical views in this house of the conduct of the minister and the results that developed there with respect to the manner in which that case was handled. As it was, because there was no appeal as a right, because there had to be an application made for leave to appeal and because of the way that matter was handled, there exist in the minds of millions of Canadians, I should imagine, very grave doubts as to the final outcome and the execution in that case. That whole messy, unfortunate and deplorable situation should not have arisen. I know the minister has been urged before that we adopt legislation granting appeals as of right.

I admit that this will be a substantial improvement if the bill carries, even if the amendment which we propose to move in committee is not accepted; but this legislation will still be a great improvement over the previous provision where such application came before one judge. However, I express the greatest regret that the minister has not seen fit to go the whole way and grant appeals as of right. I cannot refrain from expressing the gravest criticism against the grounds on which he has rested his case for his decision not to go that far.

The other main ground of our criticism of the bill is that it increases from $2,000 to $10,000 as the minimum sum which must be involved in civil litigation before there is an appeal as of right to the supreme court. I do not believe it is sound that appeals or the right of appeal should be governed by the financial amount in dispute. I recognize that in almost every province there is a division between the initial jurisdiction of the county court, on the one hand, and the supreme court or its equivalent depending upon the province, but that is only the initial hearing. Once a decision has been given, whether it be in the county or supreme court, as far as I am aware—I hope those who come from other provinces will correct me if I am wrong—there is the same right of appeal from the county court to the appeal court of the province as there is from the supreme court to the appeal court. That limitation or differentiation as to the original jurisdiction is of no application to the principle we are discussing here as to whether there should be a financial limit applicable in the right of appeal to the Supreme Court of Canada.

[Mr. Fulton.]

The minister says that the limit of $2,000 was made uniform in 1920 and that there has been a change in the purchasing power of the dollar since that time. That argument is not sound in principle. If it were the minister would have to establish that the purchasing value of the dollar has declined five times, that in 1920 the dollar would purchase five times what it will today. That is a sorry admission to come from the government which has been in power I should think on a rough calculation at least two-thirds of that time. I do not think that any such argument can be maintained because it is not a sound principle on which to base the right of appeal.

If the purchasing power of the dollar should go up, will there be another amendment to lower the limit? Are we to vary the ceiling or the floor on the amount in dispute before there can be appeal as of right every time the cost of living index varies? As I say, I am not satisfied that it is sound in principle to have a financial limit in matters of this kind and I am absolutely opposed to raising it from $2,000 to $10,000. Two thousand dollars may be more important to a litigant, particularly one who is not blessed with many resources of his own, than $10,000 may be to another litigant. The principle of law involved in the $2,000 case may be as important if not more important, but because the amount in dispute happens to be $9,999 instead of $10,001, if this bill goes through there would have to be application for leave to appeal in the one case with appeal as of right in the other.

In this connection may I point out that when you interpose this obstacle of having to make application for leave to appeal you impose upon the litigant in a civil action or the accused in a criminal case an extra cost in addition to the cost of having his appeal heard. That is a reason additional to those I have advanced why appeals in criminal capital cases should be as of right.

I should like to revert to this subject of consideration for a moment and say that I feel there is an urgent necessity for further reform in our criminal law with respect to the providing of adequate facilities for the proper skilful and thorough defence of every one accused with a capital crime. I regret to say it must be confessed that there have been cases, certainly in the initial hearing, where an accused has been grossly prejudiced by an inadequate defence because of lack of funds. I know of one such case, and those with whom I have discussed this have told me that they have personal knowledge of similar cases.

I submit that so long as that situation exists we cannot disclaim responsibility in this parliament because criminal law is a matter of federal jurisdiction. Some of the responsibility must be shared by the provinces whose duty it is in the administration of justice to appoint counsel for accused who cannot afford to retain their own. I believe this matter requires the most careful and immediate consideration by the bar associations and law societies of the various provinces.

While we are undertaking a general study of the question of capital punishment, while we are considering this question of the right to appeal to the Supreme Court of Canada in capital as well as other criminal cases, this other matter also requires to be considered immediately by the department with a view to bringing down at the next session—I doubt if there is time at this session—some amendment or improvement to our law so that it can never be charged against us in Canada that a person accused of a capital crime has suffered because of inadequate defence.

Mr. Garson: Is my hon. friend aware that the provision of defence counsel for accused would be the responsibility of the provincial authorities?

Mr. Fulton: I mentioned that the responsibility must be shared by the provinces, but I repeat that we have regretfully to face the fact that there have been cases where men have been prejudiced—I am not going to say that this went as far as a final miscarriage to the extent of execution—in the supreme courts of the provinces when it was necessary to have counsel appointed by the crown. Admittedly the crown in the province makes the actual appointment, but I am saying that so long as criminal law is a matter of federal responsibility—I hope it will always be—we cannot just say that this is a matter exclusively for the provinces to find a remedy for. The question of appeals to the supreme court that we are considering right now shows to what extent this is a joint responsibility and not an exclusive responsibility.

Mr. Garson: My hon. friend's advice is always so wise that I like to make sure that I understand it so that, if possible, I can profit by putting it into effect. Is my hon. friend urging that we should amend the criminal law here by attempting to throw a burden upon the provincial administration of justice, upon the provincial governments, by saying that under a federal law they must provide counsel for an accused? Is that what my hon. friend is suggesting?

Mr. Fulton: I do not think it is a case of misunderstanding on the part of the minister. I am inclined to think it is a case of trying to pin me with something he knows would not be sound and he knows I did not suggest. I pointed out initially that the minister has said that he is going to discuss with the provinces all the problems that arise within the fields of enforcement covered by the special joint committee of this house, and the reports of the Fauteux commission and the various other commissions that have reported or are in the course of reporting.

What I said was that here is a situation which must be within the knowledge of the minister, as much as within my knowledge and the knowledge of several others with whom I have discussed it. So long as that situation exists it is not a matter to which we can close our eyes in this parliament, or to which the minister can close his eyes in his department and in his official capacity. But I suggest that if he is going to have these discussions with the provinces this, in my view, is one of the matters that should be put at the head of the agenda of those discussions, ensuring that there is always available to an accused charged with a capital crime an adequate defence and that he does not suffer and is not prejudiced in any respect by lack of funds with respect to his defence.

Whether the provinces would agree with the guarantee that I am asking be written into the Criminal Code, or whether they would agree to enact uniform provincial laws, is a question that must be determined in the course of such discussions. That is all I have said, and that is where I rest. I hope the minister is not trying to say that, notwithstanding the fact that he knows that these deplorable situations have existed in the past, he is not going to do anything about it. I hope that is not what he is saying.

Mr. Garson: Then I understand my hon. friend is urging me, and very properly so, to do what just a few moments ago I said I was going to do. I am glad to have his support, and I think he is right in what he has said. We are going to confer with them. We are going to seek their advice, seeing that they are the administrators of the criminal law, as to what they think of this. It is not merely a question of the money involved; it is a question of whether the procedure we finally adopt is a practical procedure which has been evolved by people who have had the actual experience of administering justice.

Mr. Fulton: That is quite so. The minister did not say—

The Acting Speaker (Mr. Applewhaite): I wonder whether I might suggest to both hon. gentlemen that there are clauses in the bill

dealing with the question of appeals, and if this discussion is going to be carried on back and forth the time to carry it on in that way would be when we are in committee.

Mr. Fulton: Yes, Mr. Speaker, I think that probably this matter is one that does require detailed discussion in committee, and I shall defer my further remarks under this heading until that time.

The third criticism we have to make of the bill is that it follows what we regard as an unsound legislative principle in that it incorporates into one amending bill provisions relating to two entirely separate statutes. We have raised objections to this same procedure being followed on other occasions. Whilst I realize there may perhaps be some room for difference of opinion as to whether it is a sound legislative practice, I regret to see it being adopted by the department which should set the pattern for legislative excellence, namely the Department of Justice. This bill is entitled "An act to amend the Supreme Court Act and the Criminal Code", which makes it obvious that it is amending two separate statutes. This means that from the day this bill is given royal assent and is proclaimed, those seeking amendments are going to have to look in two different places to see what is the effect of one bill. If this practice were enlarged upon and carried forward into the future I think our statutes, between the periodic revisions that occur, between the times when there is a complete revision and revised statutes, would become a hodgepodge in which it would be even more difficult for lawyers, let alone laymen, to find amendments than now.

The minister may say there are only two acts and the amendments deal with the same general subject, appeals to the Supreme Court of Canada. That is so, but if you are applying the principle, then why apply it to three, four, five, or six bills, and so you can go on? Either the principle is sound or unsound. We regard it as unsound, and we intend at the appropriate stage to move accordingly that the bill be divided.

In these remarks I have made I have expressed in perhaps strong terms criticisms of the bill. I do so because I do not think there is any more important field of legislation than this, and we here have real regret that the bill does not grapple with the problem and solve it at once, in fields where we believe solutions are urgently called for. Nevertheless I must in fairness say that we believe that the provision with regard to the appointment of the deputy registrar is sound; that the simplifications of the procedure with regard to appeals to the supreme court is, generally speaking, desirable and sound; and the provision for a quorum of five in capital cases, whilst it does not go as far as it should and is to that extent subject to severe criticism, is nevertheless as far as it goes, a real improvement.

The one thing for which I cannot find any justification and about which I cannot find one kind thing to say is the raising of the floor for appeals in criminal cases as of right from $2,000 to $10,000. Because the bill is not capable of amendment to bring about the things we would want at this stage but only in committee, and because as far as it does go it is an improvement, we intend, notwithstanding the quite severe strictures we have made about it, to support it on second reading and then make real efforts to improve it in committee.

Mr. Ray Thomas (Wetaskiwin): I shall be very brief. I wish to support what was said by the hon. member for Kamloops as far as this bill is concerned. It is an improvement, with the exception, as the hon. member pointed out, of the increase from $2,000 to $10,000, for leave to appeal cases as of right. Like the hon. member, I can see no justification for that, because after all these appeals are not entirely a matter of monetary consideration; they are a matter of privilege, and I do not think the amount of money involved should have any consideration whatsoever.

As the hon. member pointed out, it is much easier for some people to appeal because of a $10,000 consideration than it is for many others to appeal because of consideration of the $2,000. I think it should be thrown wide open, and the monetary limit should be abolished entirely. If it is not going to be abolished, then it should be left at the $2,000 mark. I think this section of the bill is untimely and unnecessary.

Referring briefly to capital cases, I think the quorum of five is sound, but like the hon. member for Kamloops I dislike intensely the thought that a man appealing a murder conviction is given less consideration than somebody suing for $10,000. A $10,000 tag on a man's head is entirely unjustified. I should like to see appeals made possible as of right in capital cases. I only hope that if the minister is not willing to do so now he will take the report of the committee on capital punishment and talk it over as quickly as possible with the attorneys general and law enforcement officers of the provinces, so the necessary legislation can be brought in to provide these people with an appeal as of right.

I hope he will introduce such a bill as soon as he can at the next session and have it passed, because it is an unfortunate thing

that a person condemned to death cannot have an appeal as of right but has to make application for leave to appeal. It is an unfortunate thing and, as I said before, a man's life has a very low price tag on it when compared with the $2,000 or $10,000 limit in civil cases.

Motion agreed to and bill read the second time.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I move, seconded by Mr. Nowlan:

That it be an instruction to the committee of the whole that they have power to divide Bill 443 into two bills, in order that one may deal separately with amendments to the Criminal Code.

I might just say at this stage that earlier in the session a similar motion was accepted.

The Acting Speaker (Mr. Applewhaite): Is the house ready for the question? The hon. member for Wetaskiwin.

Mr. Thomas: I intended when speaking a moment ago to agree—

The Acting Speaker (Mr. Applewhaite): Order. I think perhaps the fault is mine. I recognized the hon. member for Wetaskiwin, but I am informed by the clerk that a motion of instruction to the committee of the whole is not debatable at this stage. The question is the following: It was moved by Mr. Garson and seconded by Mr. Gregg that Bill No. 443, an act to amend the Supreme Court Act and the Criminal Code, be now read the second time. It was moved by Mr. Fulton and seconded by Mr. Nowlan that it be an instruction to the committee of the whole that they have power to divide Bill No. 443 into two bills, in order that one may deal separately with amendments to the Criminal Code. Those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Applewhaite): Those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Applewhaite): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Applewhaite): Call in the members.

Mr. Speaker: At this moment I am reminded that on one occasion I said that an amendment of this kind should not be accepted without notice. See *Hansard* May 28, 1956, page 4370. There are in our rules no provisions for notices by private members. This is a matter which should be looked into because it would be wise for us to have provision for notice to be given of motions of this kind before they are moved.

The house divided on the motion (Mr. Fulton) which was negatived on the following division:

YEAS

Messrs:

Barnett	Johnson (Kindersley)
Blackmore	Jones
Blair	Knight
Bryce	Leboe
Bryson	Lennard
Cameron (Nanaimo)	Low
Campbell	MacLean
Cardiff	McBain
Castleden	McCullough (Moose Mountain)
Charlton	McLeod
Churchill	Michener
Dinsdale	Monteith
Ellis	Montgomery
Fairclough, Mrs.	Nesbitt
Fleming	Nicholson
Fraser (Peterborough)	Nowlan
Fulton	Pearkes
Gillis	Regier
Green	Smith (Battle River-Camrose)
Hahn	Stewart (Winnipeg North)
Hamilton (Notre Dame de Grace)	Thomas
Harkness	Tustin
Herridge	Van Horne
Hodgson	Yuill
Holowach	Zaplitny—51.
Howe (Wellington-Huron)	

NAYS

Messrs:

Applewhaite	Langlois (Gaspe)
Balcom	Lavigne
Batten	Leduc (Gatineau)
Benidickson	Legare
Bennett	Lesage
Boisvert	Lusby
Bourque	MacNaught
Brisson	McCubbin
Brown (Brantford)	McIlraith
Brown (Essex West)	McIvor
Bruneau	McMillan
Buchanan	McWilliam
Caron	Masse
Carter	Michaud
Cloutier	Mitchell (Sudbury)
Dickey	Murphy (Westmorland)
Dumas	Pearson
Fairey	Philpott
Forgie	Pommer
Gardiner	Power (Quebec South)
Garson	Power (St. John's West)
Gauthier (Portneuf)	Proudfoot
Gingras	Prudham
Goode	Purdy
Gour (Russell)	Ratelle
Gregg	Reinke
Habel	Richard (Ottawa East)
Harris	Richard (St. Maurice-Lafleche)
Harrison	Rodrichaud
Hollingworth	Robinson (Simcoe East)
Hosking	St. Laurent (Quebec East)
Houck	Schneider
Kirk (Antigonish-Guysborough)	Shipley, Mrs.
Kirk (Shelburne-Yarmouth-Clare)	Sinclair
Lafontaine	Stick

Stuart (Charlotte)	Viau
Thatcher	Villeneuve
Thibault	Weaver
Tucker	Weir
Valois	Winters—80.

Mr. Speaker: I declare the motion lost. Is it agreed that I do now leave the chair for the house to resolve itself into committee of the whole?

Some hon. Members: Agreed.

The house went into committee on the bill, Mr. Applewhaite in the chair.

Clause 1 agreed to.

On clause 2.

Mr. Fulton: This is the clause which raises from $2,000 to $10,000 the amount which must be in dispute in a civil action before there will be an appeal as of right to the Supreme Court of Canada. As was stated a moment ago in the house, we think that is a most undesirable principle, for the reason that it would seem to penalize litigants to whom $2,000 may be just as important as, or more important than, $10,000 would be to other litigants. We do not believe this juggling about of the floor of the amount which must be in dispute in this manner is sound in principle. The legal point at issue in the dispute involving $2,000 may well be more difficult than the legal point involved in a dispute about a matter involving $10,000. It seems to us again a matter where the principles of justice are opposed to the suggestion made in the bill, and we are therefore altogether opposed to this section and intend to vote against it.

Mr. McIvor: I have a question for the minister. How much would the appeal cost? What would be the court costs of making this appeal?

Mr. Garson: Well, Mr. Chairman, I think it would be very difficult to say in general terms what would be the cost of the different cases unless one knew what factors were involved; for example, how much it would cost to provide transcripts of the evidence which they will already have had before for the provincial court of appeal. But the point which the hon. member for Fort William raises is quite important, and presents an angle of this matter that I think perhaps has been overlooked by those who have taken part in the discussion until now.

If some plaintiff in a very clear-cut case where the facts cannot be challenged, is able to secure a judgment in a trial court and then is taken, we will say by an insurance company, to the provincial court of appeal and goes through the expense of that court, and then is subjected to a further appeal to the supreme court he may, if he has not a long enough purse to keep up this process of briefing his own counsel, be put in rather an embarrassing position. That is another side of this same question.

What this present clause provides is that where there is, in cases between $2,000 and $10,000, a successful litigant who has got a judgment of the trial court and has maintained that judgment in the court of appeal, he cannot be taken further into the supreme court in a case which, for the most part, involves only questions of fact. For if some principle of law were involved, as the hon. member for Kamloops mentioned, then it is inconceivable to me, and I am sure to him, too, that the supreme court or indeed the court of appeal of the province itself, upon application for leave to appeal, would not grant leave to appeal if there were some principle of law involved that needed to be settled.

It may be that the step from $2,000 to $10,000 is too great a step to take at one time, but I do think the limitation which was imposed in the first instance in Quebec in 1875 does not make sense in 1956 in the whole of Canada. And it is not only upon the question of the purchasing power of the dollar, though it is true I did mention that as one of the circumstances. It also has to do with the nature of the cause of action. For example, there will be a good many automobile collision cases which arise under present circumstances, having regard to the value of the cars involved and the like, which will easily run up above $2,000; they may run to $3,000, $4,000, $5,000, and $6,000, having regard to all the people who may be injured. Now, if it is a clear question of fact; if that has been threshed out in the trial court and an appeal has been taken to the appeal court of the province, and it has been gone over again there, is any real purpose served by one of the parties, the party against whom the judgment has gone, being able to take this question of fact to the Supreme Court of Canada and have it gone all over again by the judges of that court, who already have a very heavy burden of litigation at the present time?

I do not think the matter of whether it should be $10,000 or some lower amount is one upon which the government would want to take too firm a stand, but I am certain that it is not fair either to the litigants on the one hand or to the supreme court on the other that we should retain in 1956 this money limitation which was first put into effect in this country in 1875.

Mr. Fulton: And which was ratified in 1920.

Mr. Garson: Yes, it was ratified in 1920.

Mr. Zaplitny: Mr. Chairman, I am inclined to agree with the protest raised by the hon. member for Kamloops on the ground that, particularly since the supreme court now is the final court of appeal, and since it is an important principle of British justice that finally everyone should be able to take his trouble to the foot of the throne—this court is now is the foot of the throne in Canada—certainly nothing should be put in the way of those seeking justice.

The minister has mentioned the rise in the cost of living as one of the factors and, as I understood it, the main factor involved in making this change. If that is so, it is really a sad commentary on what has been going on with reference to the cost of living; but even at that I doubt very much whether five times the present amount is the appropriate amount. Certainly it does not take five times as much now to lubricate the wheels of justice as it did in 1920.

I think the only ground on which the higher amount could be argued is that the court could be put to an extra amount of work and therefore an extra amount of expense in looking after relatively small cases. But, since the principle is so important, in view of the fact that it is the court of last resort, I would certainly suggest to the minister that he recommend at least a lower amount than $10,000. It seems to me to be a pretty broad jump from $2,000 to $10,000, when it interferes with the right of last resort to the supreme court. Unless the minister is prepared to recommend some lower figure, I hope someone on this side of the house will move a motion in order that the amount be retained at $2,000, or that some much smaller figure than $2,000 be substituted therefor.

The Deputy Chairman: Is the committee ready for the question?

Clause agreed to: Yeas, 58; nays, 31.

The Deputy Chairman: I declare the clause carried.

Clauses 3 to 5 inclusive agreed to.

On clause 6—*Quorum on application for leave.*

Mr. Fulton: May I ask the minister whether it would be agreeable to him to have clause 6 stand until after we have disposed of clause 19, for the reason that we intend to move an amendment to clause 19 which if carried, as I hope it will be, would have considerable effect on clause 6. This I may say is the reason I regret that the minister did not adopt our suggestion and split the bill into two separate bills, because here we are in the position of having to ask now that we defer one clause until a clause near the end has been disposed of.

Mr. Garson: That is quite agreeable, Mr. Chairman.

The Deputy Chairman: Is it agreeable that clause 6 stand?

Some hon. Members: Agreed.

Clause stands.

Clauses 7 to 16 inclusive agreed to.

On clause 17—*Entry of appeals on list and order of hearing.*

Mr. Garson: Mr. Chairman—

Mr. Fulton: May I ask the minister if he will just say a word on this clause? On the face of it, it does appear to be sensible and just that the chief justice or one of the puisne judges at his direction be given some discretion concerning the order in which cases are called. On the other hand practitioners from the western provinces and the maritime provinces particularly attach very considerable importance to knowing when their cases are going to be reached and called on the list. If it it left as it is at present so that the western cases will be called first it is a course that does lend some certainty to the time at which counsel must travel to Ottawa. If they have that certainty they are able to reduce their expenses and thus considerably reduce the cost to their clients.

If I understand the amendment it gives the chief justice discretion to vary the order in which cases shall be called. While it seems on the face of it to be sensible to give him some discretion I am somewhat in doubt, and I would appreciate a word of explanation from the minister.

Mr. Garson: Mr. Chairman, my impression is that the case is almost exactly opposite to what the hon. member understands it to be. In other words the reason for this amendment is to enable the chief justice, in cases in which unforeseen circumstances have arisen which make it impossible to try a given case, to rearrange the lists in a manner which will provide an absolute minimum of inconvenience to all the other litigants involved. But for this amendment he would not have the power to rearrange the business of the court, and everyone would be put to an inconvenience.

Mr. Fulton: In other words it is anticipated that rather than altering the list in toto in the order in which the various regions are called, this is merely designed to give power

to deal with individual cases within the subdivision of the list. Am I correct in putting it in those terms?

Mr. Garson: Yes. If the list all the way were to be a law of the Medes and Persians and could not be changed at all there would be no kind of flexibility to meet a difficult set of circumstances.

Clause agreed to.

Clause 18 agreed to.

On clause 19—*On question of law with leave.*

Mr. Fulton: Mr. Chairman, we now come to the two clauses dealing with the amendments to the Criminal Code involving the question of the right to appeal to the supreme court in criminal cases, and so far as we are concerned here the main subject of consideration is capital cases. As I said earlier, we feel that in cases where the penalty is death the accused should have the absolute right to appeal to the Supreme Court of Canada for final adjudication, instead, of having to apply for leave to appeal.

I do not think I have very much more to say, except to point out I do not feel the argument that provincial attorneys general would be faced with extra costs is really one that can be seriously advanced or seriously maintained where a man's life is at stake. The only argument I can see for justification for the present proposal is if the minister were to tell me that when the application for leave is heard—if the amendment carries, it being then subject to be heard by five judges —they are in effect disposing of the appeal itself. On the face of it that is an attractive argument. For that reason I think it is so much better to have five judges than to have one, as was the case formerly; but it is not quite that simple.

What is being argued in the application for leave is really and properly of a much more restricted and technical nature than the appeal proper. If leave is applied for, it being the duty of counsel for the crown who would be opposing the application for leave to see that the points argued on that application are not extended beyond the proper legal limits, then I do not think it is a safe argument for us to accept that the court is in effect hearing the appeal itself when it hears the application for leave to appeal. I think this is so important that every safeguard all the way through, including this most important one of an appeal to the court of highest resort, be granted to an accused person on a capital charge, that I propose to move an amendment to this section which I shall read. I move:

That section 19 of the bill be deleted and the following substituted therefor:

[Mr. Fulton.]

Subsection 1 of section 597 of the Criminal Code is repealed and the following substituted therefor:

"(1) A person who is convicted of any indictable offence whose conviction is affirmed by the court of appeal may appeal to the Supreme Court of Canada

(a) in any case where the conviction is for an offence punishable by death;

(b) in all other cases;

(i) on any question of law on which a judge of the court of appeal dissents;

(ii) on any question of law, if leave to appeal is granted by the Supreme Court of Canada within 21 days after the judgment appealed from is pronounced or within such extended time as the Supreme Court of Canada or a judge thereof may, for special reasons, allow."

If, sir, you will compare that proposed amendment with section 597 (1) of the Criminal Code as it now stands you will see that the effect of it is this. Subsection (a) as it presently appears in the code now becomes subsection (b) (1) of this amendment, and the proposed subclause (b) of section 19 of the bill appears as subclause (b) (2) of the amendment. In effect all that is done is to insert a new subclause providing that in capital offences leave shall be as a right.

Mr. Nowlan: Mr. Chairman, before the amendment is put I want to reinforce the arguments of the hon. member for Kamloops and express my support thereof. In passing may I also say that I agree absolutely with what he said on the motion for second reading with respect to the inclusion of two separate bills in this bill. I did not speak on second reading, in an effort to save time, but I think it is perfectly open for me to speak on the section we are now dealing with, on the matter of amending the Criminal Code.

It is a most peculiar situation in which we find ourselves. The first five pages of Bill No. 443 deal with the Supreme Court Act, and then you come at the very bottom of the fifth page to a little section which alters substantially the Criminal Code. I listened attentively for an explanation from the Minister of Justice as to why these two acts should be united in bonds of unholy wedlock, but I did not hear any explanation or even an apology therefor.

The hon. member for Kamloops has said that you would have to look through two acts in order to find the amendment. The minister shakes his head, but I suggest that he has not had much experience practising as a country lawyer in a small town with a library not quite as extensive as might be hoped for. The minister may have that experience after the next election, and if he does I think he will find it is going to be awkward to have to go through all the statutes in order to find out which ones have been amended and which ones have not.

Some years ago a former minister of national defence, an able lawyer in his own right but who had apparently intended to forsake that field and did not worry too much about the problems he was creating for his confreres, used to run five or six different acts together in one bill dealing with national defence. There might have been some justification for that because they all dealt with national defence. It might have been said that he was preparing a handbook on military law for the service personnel who were not too well versed in the law. But here we are dealing with legal matters, with appeals under the Criminal Code, and surely these two things could be dealt with on a different basis.

Mr. Lesage: Mr. Chairman, on a point of order, has not this question been disposed of by the house?

Mr. Nowlan: I am dealing with this section which is amending the Criminal Code.

The Deputy Chairman: The point of order raised by the minister is one I was thinking about raising myself. The question before the committee is an amendment moved by the hon. member for Kamloops which enlarges the conditions under which appeals may be taken. I think we are going a little far afield if we start to compare National Defence Act amendments with the bill we are now considering. I would ask the hon. member for Digby-Annapolis-Kings to co-operate to the extent of restricting his remarks to whether the amendment proposed by the hon. member for Kamloops should be accepted.

Mr. Nowlan: May I just point out that on second reading we were dealing with the principle of the bill. If on second reading I had attempted to refer to this section I would quite properly have been ruled out of order and told that I should deal with it in committee. That is one reason we should never have this situation. If this continues the government would be able to bring in one bill to amend the statute law of Canada. It might possibly contain only one section, stating that particulars could be obtained by applying to the queen's printer. If you sent a postcard, then you could find out whether a particular bill had been amended during a particular session of parliament. I did want to put myself on record with respect to this and I submit it was proper to do so on this section, rather than when dealing with the principle of the bill for which there is no principle.

The Deputy Chairman: I would inform the hon. gentleman that the house has put itself on record on the subject, and as far as I am concerned I am not able to allow further discussion.

Mr. Nowlan: I am going to discuss for a moment the amendment moved by the hon. member for Kamloops.

An hon. Member: It is about time.

Mr. Nowlan: It was not my fault, because I did not draft this bill. I tried to save time by not speaking on second reading, but if hon. members over there want it I can spend an hour discussing this amendment.

An hon. Member: Go ahead.

Mr. Nowlan: When you try to co-operate that is the reaction you get from some hon. members.

An hon. Member: You can't take it.

Mr. Nowlan: I want to reinforce the argument which has been advanced by the hon. member for Kamloops. We have here a proposal that in offences where the punishment may be death, there shall be a right to appeal to the Supreme Court of Canada. I believe that recommendation has been placed before the house in another manner. It is something which has been approved of by lawyers in all parts of Canada, and I think there has been a recommendation by the Canadian Bar Association to this effect.

This amendment should commend itself to the sentiments of hon. members generally. A ceiling of $10,000 is being placed on appeals in civil matters, but even when considered on a mercenary basis the right to appeal is automatic when the amount involved is over $10,000. Are we to say that a life is not worth $10,000? As I say, this amendment should appeal to hon. members generally.

There is something repugnant in the idea that a man or woman sentenced to death is precluded from an appeal as of right. There is a procedure followed in my province which might be adopted by the Supreme Court of Canada, and I think the same is true of most other provinces. There is an appeal as of right on matters of law in both criminal and civil cases. Then when there is a question of both fact and law, or of fact, the appeal is by leave. The practice with our provincial court is for the court to hear the application for leave to appeal, which usully involves a complete review of the facts and the law. If that application is granted almost invariably the appeal is granted at the same time. That is possibly one way in which this matter could be dealt with.

I repeat that this amendment should commend itself to the committee. It covers something which probably will be law in the near

future. The mere fact that it might possibly involve provincial governments in some expense is no reason that I can think of why this matter should be deferred in order that the provinces may be consulted. If it is right, it should become law whether the provinces approve or not; if it is not right, the approval of the provinces has nothing to do with it. It is a matter of morality; it is a matter of justice, as well as being a matter of law. I repeat that this is an amendment which should commend itself to the committee.

Mr. Gillis: Mr. Chairman, I submit that the hon. member for Kamloops has rendered a service in the study he has given to this bill and the recommendations he has made to the committee. A matter of this kind has to be handled by one learned in the law. I listened to the hon. member very carefully when he spoke on second reading, and I agree with everything he said. If there is one thing to which the Department of Justice should be paying particular attention it is the question of whether a person involved in a capital case is getting justice.

We have had more than one example where a man is picked up and finds himself faced with a capital charge and the difficulty of getting defence counsel. I think all that should be dispelled. I submit that the amendment moved by the hon. member for Kamloops is absolutely in order. When a man's life is at stake an appeal should be automatic.

When you consider the application to appeal and the cost that is involved, the average person who is affected, in the circumstances that the bill describes, is just not able to handle the cost. I think the time has now arrived when the Department of Justice, regardless of how the provinces may look at it, should lay it down as a principle of justice that, as far as we are concerned, it is not going to be a matter of money in order to get into the Supreme Court of Canada, that the right of appeal should be automatic, and a thorough examination should be made by the five judges, as we have it now—and that is an improvement.

I do not think there should be any question. There are enough lawyers in this house, and I believe every one of them, if they were to express a private opinion and there were no political implications, would say without any hesitation that the amendment suggested should be adopted. There should not be any quibbling about it.

Perhaps it is a matter of an oversight on the part of the drafters of the bill, and they did not analyse it in the way in which it has been analysed by the hon. member for Kamloops. I do not want to repeat anything he said, but I agree with every word of his remarks on this particular subject. If you read that little booklet written by a newspaperman on the Coffin case, I think the need for this type of legislation will be apparent. It is time we did something to prevent a repetition of the kind of thing that happened there.

Mr. Garson: I am afraid that the remarks I made at a previous stage of this bill on this particular subject matter have not had much effect upon those who have taken part in the present debate, and for that reason I should like to attempt to elucidate a little more effectively than I did before just what our position is in this matter.

There certainly is not any question of an oversight. We in the Department of Justice began the over-all revision of the Canadian Criminal Code, which had not been consolidated for over 60 years, as the first step toward what might be regarded as an examination, if not an overhaul, of the administration of criminal justice in this country. We then followed that up by the appointment of the Fauteux committee and then the two commissions under Chief Justice McRuer and then the joint committee of both houses of parliament. All of these committees and commissions have been dealing with separate branches of the criminal law. We now have the Fauteux report and the three reports of the joint committee of parliament. We hope this fall to have the reports from Chief Justice McRuer. We shall then have a review of all of those portions of the criminal law and of penal reform that have not already been considered in the revision of the Criminal Code which was passed by this parliament.

Having regard to the fact that the enactment of the criminal law is the responsibility of this parliament of Canada, and that the administration of justice and the enforcement of the law is exclusively a provincial right and responsibility—and it is a responsibility to which every one of the provinces attaches a great deal of importance for very obvious reasons—I am sure the provinces would not want the federal government stepping in and interfering with their enforcement of the law and their administration of justice. In those circumstances it is no oversight that we have decided that the whole field that has been examined by the Fauteux commission and by the two royal commissions under Chief Justice McRuer and by the joint committee of this house and of the Senate, should be, as a matter of the most primitive form of courtesy, if for no other reason, discussed with

those who are responsible for the enforcement of the criminal law, before we undertake to bring in any legislation in this house which will have to be enforced by them.

If we make any allowance at all for common sense, surely we must realize that the people who are right on the firing line of the enforcement of justice must have gained from that experience over the whole history of our country some insight as to what the law should be, that is the substantive law; and also an excellent idea as to what are workable procedural changes.

Therefore, even if we were not trying to maintain something which is of the very essence of good criminal law in this country, those good relations between the federal parliament which enacts the law on the one hand and the provincial legislature and government which enforces the law on the other, but if we were only to regard the matter of bringing before parliament wise provisions of law, we should certainly want to have a discussion of these reports that we have obtained from the various commissions and the joint committee of the two houses of parliament with the provincial attorneys general and law enforcement officers. To what end? To the end that we shall thereby be able to bring in a much wiser law than would otherwise in my judgment be available. We need not be so taken up with our own conceits that we should think that, having little or no experience with the administration of the criminal law, we can reach judgments that cannot be a little better if we consult with those who have extensive actual experience.

In this particular matter that is under discussion, I do not know how the government could have gone any further toward meeting the viewpoints that have been expressed here this afternoon than by putting into effect at once the provision which the hon. member for Kamloops himself is frank enough to admit is a great improvement; that is, that application for leave to appeal would have to be made to a quorum of five, which is a majority of the whole Supreme Court of Canada. Unless we are going to say that this quorum cannot be depended upon to adopt a fair attitude toward the applications made to it, and therefore we have to give an appeal as of right because the quorum will not deal with such applications satisfactorily—unless we take that view, which I think would be quite unwarranted, then in this interim we have a very good and very workable provision to take care of the very points that have been disturbing the minds of those who have taken part in this immediate debate.

I have said—and if there is any doubt about it I want to make it clear now—that our consultation with the provincial authorities over the whole field covered by the Fauteux report, by the two McRuer commissions and by the three reports of the joint committees of parliament will be to the end of securing a criminal law more workable in all its aspects. If, after having had that discussion, it appears that it is feasible and workable, and that it will work out in practice as we think it might be good in theory to have this appeal as of right to the Supreme Court of Canada, then, as I have indicated in the clearest possible terms, so far as the policy of this government is concerned, there is nothing in our minds at the present time that would stand in the way of bringing in that reform.

But surely, even if we did not think we would have a wiser grasp of this whole problem after talking to the people who have had all the responsibility of enforcing it, even if we only thought that as a matter of courtesy between the two levels of government we would get a better enforcement of our law if we observed some of the civil amenities as between the two levels of government, on that ground alone the course we are presenting would be a wise one. May I remind the hon. members who have spoken that no law is any better than its enforcement. So if we are going to have a better substantive law, which will work better, we have to carry along the judgments of those people who are going to enforce that law. Therefore on all these counts the procedure we recommend to the house is the one which I think should be adopted, and for that reason I must oppose the motion.

Mr. Fulton: I regret that the minister should have attempted, as he has, to camouflage the issue under discussion here. The issue here is not the procedure on appeal. The issue here is the principle of whether there should be an appeal as of right in a capital case. If the minister says it is necessary to discuss it with the provinces before we can do anything, why has he brought in these quite substantial amendments with regard to the procedure on appeal, whether the appeal should be heard by a quorum of three or a quorum of five, the posting of security costs and all these things? These are procedural matters in which the law enforcement officers certainly have an interest. But the minister has brought in these amendments without, so far as I am aware—he certainly has not said so if it was the case—discussion with the provinces with respect to matters in which they could well say that they have a direct interest.

But here in discussing this amendment involving not procedure but the principle of whether there should or should not be an appeal he turns around and says that we have to send out a smoke signal and discuss it with the provinces. Why does he camouflage the issue in that way? The minister said that the essence of criminal law is the preservation of good relations with the provinces.

Mr. Garson: Oh, no.

Mr. Fulton: I really never heard anything quite so absurd.

Mr. Garson: My hon. friend is not quoting me correctly.

Mr. Fulton: If I am not I should like to be corrected, but that is what I understood the minister to say.

Mr. Garson: I said that the criminal law enactments we put through in this house have to be administered by another level of government; that the criminal law, like all other law, is, so far as the ordinary citizen is concerned, no better than its administration, and that in my judgment for that reason it is a wise and essential move that in these matters affecting another level of government we should consult those who are going to enforce the law, not with the view that they should have any kind of control over our judgment but at least that we should hear from them as well as from commissions, committees and so on before we bring this law into parliament for enactment.

Mr. Fulton: Did not a committee of parliament sit for two years and hear from the provincial representatives? What more does the minister want?

Mr. Garson: I shall answer that question right away.

Mr. Fulton: And it brought in a recommendation after having heard from the provincial representatives who were invited there to make their recommendations.

Mr. Garson: My hon. friend asked a question and I shall be glad to answer it. We want to discuss with the provincial administrators of justice recommendations that were the product not only of the evidence given by the provincial people, but of a large mass of other evidence as well.

Mr. Fulton: Certainly; and the committee heard them and brought in a recommendation that in a capital case an appeal to the Supreme Court of Canada be granted as of right. That is not a matter of procedure. It is a matter of principle, a matter of whether or not this parliament believes that people accused of murder should have the right to go to the highest court in the land. When it comes to working out how that will be done, making provision as to the time at which transcripts and factums will be transmitted and who is to be responsible for the cost of the appeal if the accused does not prefer to retain his own counsel, that is a matter of procedure and should most certainly be discussed.

But we are only asking here that there be a decision on the principle after the due consideration that has already been given to the matter and after the opportunity that has been given already to the provincial representatives to be heard. I believe the minister has a case with respect to the other matters of enforcement of law, penal reform on which the Fauteux commission has reported and so on. These are cases where practically every decision taken is going to have to be administered by the provinces, the jail provisions and so on.

But that is not so here. This is a decision on principle on which we are asking for action now after, as I said, the provincial representatives have already been heard from. Men are now being charged and tried for murder. I do not say that is so at this very moment, but there are murder cases pending, and men's lives are depending on them. There is a case for justification and a basis for delay in respect of the other matters. They are serious matters, but after all it is not a vital matter to put a man in the wrong sort of jail or administer the wrong sort of penal reform, things which may be changed after the recommendations of the Fauteux commission and others are considered. But you cannot change your mind about taking a man's life by hanging, and the question of whether or not he has the right of appeal to the Supreme Court of Canada may determine whether or not his life is taken by hanging. We have heard from the provincial representatives, and it is a matter of principle upon which parliament is entitled and I think is under a duty to decide at this moment.

Mr. Garson: May I ask my hon. friend a question before he takes his seat? Is his argument to the effect that the application for leave to appeal cannot safely be entrusted to a quorum of five Supreme Court of Canada justices?

Mr. Fulton: It is not my argument at all. The minister again is seeking to camouflage the question. What I am saying is that you are placing obstacles in the way of a man accused of murder having access to the Supreme Court of Canada if you make him

come forward and obtain leave to appeal, because you are imposing upon him an additional burden of expense and difficulty.

Mr. Castleden: Did any of the provincial representatives recommend in their evidence that we should deny the right of appeal to the Supreme Court of Canada to persons charged with capital offences?

Mr. Garson: I would speak subject to correction by the chairman of the committee who sits across the way here, because for one reason or another I was not at all the meetings of the committee. However, my own impression is that no provincial representative suggested that there should be an appeal as of right to the Supreme Court of Canada.

The Deputy Chairman: Is the committee ready for the question?

Mr. Fulton: Before you put the question, may I say that I am in the same position as the minister. I cannot recall all that was said. However, I should think it will probably be found that the reason they did not say that is that they were not asked, and the reason they were not asked is that the committee did not regard it as a matter where it was vital to obtain a decision or because they regarded it as a matter of principle on which we should make up our minds and upon which the provincial representatives were perfectly free to express an opinion if they wished. The fact that they did not express an opinion is significant, in my mind, to show that they were not asked because the committee regarded it as a matter for decision here.

Mr. Castleden: I suggest to the minister that where hearings have been held in the lower courts at the provincial level, frequently local or provincial feeling is quite strong. It seems to me that the right of appeal to the Supreme Court of Canada should be available to every Canadian in order that he could be removed from any provincial atmosphere that might affect the situation.

Of course, as the minister says, a committee of five judges sits and studies whether or not the right of appeal should be granted. However, in the case of capital offences it seems to me we are moving in the wrong direction if we place any obstacles in the way of Canadian citizens that may deny them the right to appeal to the very highest court in the land. It seems to me that right should be undeniable and should be known to everyone.

I deplore the trend here. It seems to me that the move to increase the floor from $2,000 to $10,000 and the whole trend is to try to lighten the work of the Supreme Court of Canada. I think the judges of the court are well paid. They are paid to do a job, and surely the matter of justice should not be a matter of cost.

Mr. Thomas: I think I made my position on this matter perfectly clear, Mr. Chairman, when I spoke on second reading. I think the minister should not only take into consideration the evidence that was taken in the committee in this regard, but should remember this fact. He was talking about co-operation and the relationship between the federal government and the provincial governments. I want to remind him that this is not a matter of social amenities. It is a matter of whether or not some of these cases which are now pending are going to result in the death of a man or woman while the minister is observing the social amenities as between the Department of Justice of this government and the departments of justice in the provincial governments.

This is a matter of life and death, or at least it could easily be so. Surely to goodness nobody in this country has a better right to appeal as of right than a person who is convicted of murder and who could be hanged. I want the minister to think about this matter. As was pointed out earlier, it is a matter of principle. Regulations and so on surely could be worked out, having regard to the responsibilities of the federal government and the responsibilities of the provincial governments so far as money and costs are concerned. Those matters can be worked out later. But this is a matter of principle about which I feel very strongly. I think that a man should certainly have the right to appeal without any worries in that regard. Let the Minister of Justice and the attorneys general of the provinces work out their various little problems later.

The Deputy Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Fulton) negatived: Yeas, 32; nays, 67.

The Deputy Chairman: I declare the amendment lost. Shall clause 19 carry?

Some hon. Members: Carried.

Mr. Garson: I wonder whether we might revert to clause 16, Mr. Chairman. The Prime Minister has called my attention to the fact that there is a typographical error in the language of that clause. It reads as follows:

Section 71 of the said act is repealed and the following substituted therefor:

It should read as follows:

Subsection 1 of section 71 of the said act is repealed . . .

The Deputy Chairman: May I suggest to the Minister of Justice that if there is no further debate to be had on clause 19 which is under discussion, we should dispose of it.

Mr. Garson: Very well.

The Deputy Chairman: Shall clause 19 carry?

Clause agreed to.

The Deputy Chairman: Is there unanimous consent to revert to clause 16?

Some hon. Members: Agreed.

Mr. Garson: Clause 16 should read:

Subsection 1 of section 71 of the said act is repealed . . .

The Deputy Chairman: I would ask the Minister of Justice to be kind enough to write out an amendment that we may attach to the bill.

Mr. Garson: Very well.

The Deputy Chairman: On clause 16, Mr. Harris moves:

That clause 16 of the bill be amended to read that "Subsection 1 of section 71", etc.

I might point out that according to the copy of the bill I have before me, that amendment will not make sense.

Mr. Fulton: Just insert the words "Subsection 1 of" before the word "section".

The Deputy Chairman: Actually what I think the Minister of Finance is moving is that, in the second line of the clause, the words "section 66" be struck out—

Mr. Fulton: No.

Mr. Garson: No, Mr. Chairman. Clause 16 now reads:

16. Section 71 of the said act is repealed and the following substituted therefor:

The amendment would be to this effect:

That clause 16 be amended to read "Subsection 1 of section 71 of the said act is repealed".

The Deputy Chairman: In the first line?

Mr. Garson: Yes. If you approve the motion could be:

That clause 16 of the bill be amended by adding before the first word "section", the words "Subsection 1 of".

The Deputy Chairman: All right. Has the committee heard and understood the motion?

Some hon. Members: Yes.

The Deputy Chairman: Is the motion agreed to?

Some hon. Members: Agreed.

Amendment agreed to.

[Mr. Garson.]

The Deputy Chairman: Is the clause as amended agreed to?

Some hon. Members: Agreed.

Clause as amended agreed to.

Clause 20 agreed to.

The Deputy Chairman: We now revert to clause 6. Shall clause 6 carry?

Some hon. Members: Carried.

Clause 6 agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Mr. Garson: Mr. Chairman, there is a further clause that I should like to add at the end of the bill. It will be clause 21. First of all I had better establish the basis in which I am making that request. At the present time there is an appeal in existence. A question has been raised by us with a representative of the court as to whether the present bill would apply to that case. We are of the view that since this particular provision is procedural in character, on applying the usual principles of interpretation it does in fact apply to existing cases. But out of the abundance of caution and to remove any question on that score I would ask one of my colleagues to move as follows:

21. Section 44A of the Supreme Court Act, as enacted by this act, applies to all applications for leave to appeal heard by the Supreme Court of Canada after the time this act comes into force, whether the application was made before or after that time; and in the case of any application for leave to appeal made before that time under section 597 or 598 of the Criminal Code, those sections of the Criminal Code shall, for the purposes of the said section 44A, be deemed to have authorized an appeal to the Supreme Court of Canada with leave of that court.

Mr. Fulton: Has the minister any copies?

Mr. Garson: Yes.

Mr. Nowlan: In other words, you are not making this retroactive but you are saying that the leave shall be deemed to have been granted. Is that the effect of the amendment?

Mr. Garson: Out of an abundance of caution we are making the present enactment do what we think it does already; that is, apply to all existing cases.

Mr. Fulton: In order that we may be certain we understand this, would this be a fair way of putting it? Let us say an application for leave to appeal was launched yesterday, at which time the application had to come before a single judge. The application will be heard, let us say, tomorrow, this legislation having gone into effect in the meantime. Therefore the application has to

be heard by the full court tomorrow, although at the time the application was made the law provided that it be heard by a judge. Therefore this section is saying that in the case of applications which are heard after the coming into effect of this legislation, they shall be deemed to have been made under the circumstances brought about by this legislation. Is that it?

Mr. Garson: Yes. I do not think I have anything to add to what I said before. The intention is that by this new clause 21 of the bill it will be made certain that section 44A of the act, which this bill puts into effect, will apply to a case which is now in being.

Mr. Castleden: Can the minister tell us what is the particular case. Is only one case concerned here?

Mr. Garson: Yes, just one case.

Mr. Castleden: What case it is?

Mr. Garson: It is a case before the Supreme Court of Canada.

Mr. Castleden: From what province?

Mr. Garson: I can give my hon. friend that information privately later. I do not have the information with me at the moment.

Clause 21 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: By leave of the house, shall this bill be read a third time now?

Mr. Fulton: No, next sitting.

Mr. Deputy Speaker: Next sitting of the house.

NORTHWEST TERRITORIES POWER COMMISSION ACT

AMENDMENTS CHANGING NAME, AUTHORIZING SUPPLYING OF OTHER UTILITIES, ETC.

The house resumed, from Wednesday, May 16, consideration of the motion of Mr. Lesage for the second reading of Bill No. 250.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

Clause 1 agreed to.

On clause 2—*Definitions.*

Mr. Dinsdale: Would it be possible for the minister to indicate who would make up the personnel of the commission proposed by the bill?

Mr. Lesage: The commission already exists, Mr. Chairman. This bill is only to amend the existing act. The chairman of the commission is the deputy minister of northern affairs and national resources. There are two other members, one from the Department of Finance, Mr. George Lowe, and the third is Mr. Patterson, director of the water resources branch of the Department of Northern Affairs and National Resources. The chief engineer is Mr. E. W. Humphrys.

Clause agreed to.

Clauses 3 and 4 agreed to.

On clause 5—*Powers.*

Mr. Green: This is the clause which provides for investigation to be made by the commission. Can the minister tell us whether there are any such investigations in mind at the present time?

Mr. Lesage: Yes, there is one going on to supply electricity at White Horse.

Mr. Green: There are none in the Northwest Territories.

Mr. Lesage: Yes, for the establishment of a diesel plant at Fort Simpson, if my memory serves me right.

Clause agreed to.

On clause 6—*Release of former owner.*

Mr. Dinsdale: In this clause there is some reference to projects being carried on outside the Northwest Territories and the Yukon Territory. It says specifically,

> . . . subject to the approval of the governor in council and in compliance with the laws of the province.

Mr. Lesage: That is clause 5.

Mr. Dinsdale: That is correct, yes. May we have permission to revert?

Mr. Lesage: Yes.

Mr. Dinsdale: Just how extensively would this measure apply to areas other than the Northwest Territories and the Yukon Territory, particularly the northern parts of our provinces?

Mr. Lesage: As I explained on second reading, the only thing we have in mind is regions adjacent to the Northwest Territories or the Yukon Territory. But what we have in mind especially is a case existing at the present time at Fort Smith, which is immediately on the 60th parallel, as my hon. friend knows. There is a power line going south from Fort Smith into territory of Alberta which is the property of the Department of National Defence, and which the Department of National Defence would like to turn over to the commission.

I can give the hon. member an example of another possibility. As my hon. friend

knows, there are rapids between Fort Smith and Fort Fitzgerald on Great Slave river which could eventually be developed for hydroelectric power. They are in the province of Alberta. The possibility would be the development of these rapids, as for instance for Pine Point, if there was going to be concentration of the minerals which lie on the south shore of Great Slave lake.

Mr. Dinsdale: Would it be possible for a province upon application to have consideration under this act?

Mr. Lesage: That is not the intention.

Mr. Barnett: Mr. Chairman, I would like to ask one question on this clause. We have been discussing paragraph (f) of clause 6 of the act, where it says that the commission may "raise or lower the levels of rivers, lakes, streams and other bodies of water, and make stream or river diversions". My question is this. Is that subject to some sort of expropriation proceedings?

Mr. Lesage: Definitely. It is done under the laws of the provinces, as is mentioned in subsection 1.

Mr. Barnett: Pardon?

Mr. Lesage: That is subject to all provincial laws, as is mentioned in subsection 1 of this clause.

Mr. Barnett: And in the case of the Northwest Territories?

Mr. Lesage: It is subject to the ordinances of the Northwest Territories council.

Mr. Barnett: They would not enter on land without the normal procedure of compensation?

Mr. Lesage: No, sir.

Clause agreed to.

Clauses 7 and 8 agreed to.

On clause 9—*Supply of utilites.*

Mr. Lesage: The proposed amendment to section 22 of the act would authorize the use of surplus funds for extension, expansion or improvement of the plant in respect of which such surplus funds accrued. In 1955 the Fort Smith plant was extended and improved by the installation of a fourth generating unit and erection of a fuel oil storage tank, the total cost of which was approximately $48,000. Since this plant has an accumulated surplus in excess of contingency reserve requirements, the commission considered it would be prudent to finance this expansion from such surplus funds rather than by increasing the capital loan which would result in increased annual costs. It was to enable this to be done that the above suggested amendment to section 22 was proposed.

Since the amending act was not passed by parliament by the end of the commission's fiscal year, March 31, 1956, the proposed amendment would not apply to the 1955 expansion work unless made retroactive. The Auditor General's representative has agreed that if the proposed amendment to section 22 is made retroactive to March 31, 1956, it will be quite in order to finance the aforementioned expansion from surplus funds on hand, hence the purpose of the addition that I will now propose.

I would ask my colleague the Minister of Mines and Technical Surveys to move:

That clause 9 be amended by adding thereto the following subclause:

"(2) This section shall be deemed to have come into force on the 31st day of March, 1956."

Mr. Prudham: I move accordingly.

Amendment agreed to.

Clause as amended agreed to.

Clause 10 agreed to.

On clause 11—*Agreements.*

Mr. Dinsdale: I am not sure whether clause 11 is broad enough to cover the question I am going to direct to the minister, but on March 3, 1956, the *Financial Post* carried an article which indicated that the U.S.S.R. is contemplating rather substantial power developments in the Arctic region, which include atomic power heating stations and a scheme to change the direction of the Arctic current and so forth, which will have serious implications for weather conditions in the northern part of Canada.

Section 11 mentions that the commission may enter into agreements with any persons. Who is responsible for carrying on international negotiations concerning future power developments in the Arctic area? Would this commission have any responsibility for that, or would it come under some other department of government?

Mr. Lesage: This commission has no such power, Mr. Chairman.

Mr. Dinsdale: Has the minister heard about the contemplated projects in the north?

Mr. Lesage: I have heard of them, sir, but I have not had an opportunity to consult the Russians in order to see how serious they are about them.

Mr. Green: Mr. Chairman, if the headwaters of the Yukon river were used for the production of power in accordance with plans which have been put forward in the papers from time to time, would this commission not be involved in some way or other?

Mr. Lesage: One of the sites which is presently being investigated to provide needed power for Whitehorse is a site on the Yukon river about two miles from Whitehorse. The plans that are being evolved at the present time are such that anything that would be put up there to provide power at the present time would have a salvage value and could be used if the Frobisher plan, as we call it, ever becomes a reality.

Mr. Green: Is the commission working in any way with the Frobisher people?

Mr. Lesage: It is the water resources branch of my department which has been working with the Frobisher people, not the commission. The commission is supplying electricity to the north but it is not involved in policy matters. It is the water resources branch of my department which does that work.

Clause agreed to.

Bill reported, read the third time and passed.

NATIONAL PARKS ACT

AMENDMENT RESPECTING BOUNDARIES OF CAPE BRETON HIGHLANDS NATIONAL PARK

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. 433, to amend the National Parks Act.

He said:

His Excellency the Governor General, having been made acquainted with the purport of this bill, has given consent, so far as Her Majesty's property rights are affected, that the house may do therein as they shall think fit.

Mr. Fulton: Well, that is a new one.

Mr. Nowlan: Is the minister going to give a word of explanation?

Mr. Lesage: The Cape Breton Highlands national park was established in 1936. The land, which was provided by the province of Nova Scotia, contains approximately 390 square miles. The purpose of the bill is to delete a small area containing 13·3 square miles from the park. This is known as the Panhandle—I am sure the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) is aware of this—and lies near the southwest corner of the park. This is being done at the request of the provincial government, the official request being in the form of an order in council dated February 2, 1956.

Motion agreed to and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

National Parks Act

On clause 1—*Lands withdrawn from Cape Breton Highlands national park.*

Mr. Nowlan: The minister has read the formal statement advising the house that His Excellency the Governor General has consented to this bill being introduced so far as it affects the property rights of Her Majesty. Is it the intention of the crown to divest itself of property rights in the lands and premises as described in this bill? The bill does not go that far; it simply says that these lands shall no longer be part of the park.

Mr. Lesage: The intention is to pass an order in council to revert these 13·3 square miles to the province of Nova Scotia.

Mr. Nowlan: Has the description been approved by the province of Nova Scotia?

Mr. Lesage: The description and boundaries have been worked out after consultation between officials of the government of Nova Scotia and my officials.

Mr. Nowlan: Can the minister explain the phrase "constant perpendicular distance of three hundred feet"?

Mr. Lesage: I cannot.

Clause agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

CANADA SHIPPING ACT

AMENDMENTS RESPECTING REGISTRATION, CERTIFICATES, ETC.

The house in committee on Bill No. 349, to amend the Canada Shipping Act—Mr. Marler—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Consular officer.*

Mr. Green: Mr. Chairman, this bill was considered at some length in the standing committee on railways, canals and telegraph lines; and therefore the opposition do not feel that there is any necessity to take a great deal of time on it today. However, there were one or two amendments made in the committee and it would be helpful if the parliamentary assistant would explain these.

Mr. Langlois (Gaspe): Mr. Chairman, before explaining the two amendments which were brought in by the committee on railways, canals and telegraph lines, I wish to acquaint hon. members with the fact that the minutes of the proceedings of the committee were placed in the mail boxes of hon. members this afternoon, but there are some 25 copies on the Clerk's table available to hon. members

at the present time. This bill was considered at great length by the committee on railways, canals and telegraph lines and two amendments were made.

The amendments will be found in *Votes and Proceedings* of Friday, July 20. The first amendment has to do with clause 9 of the bill, which deals with section 119 of the act. As hon. members will recall, this clause deals with certificates of service granted to mariners who have demonstrated their ability to operate their vessels through actual experience but who because of lack of basic education are unable to pass the ordinary examination for a certificate of competency. Under the present section a mariner applying for a certificate of service is required to supply evidence of his service and pass a simple examination consisting of an eye test, knowledge of the fundamentals of the rules of the road and in the case of home trade vessels a knowledge of one-flag international signals.

There has always been an understandable reluctance on the part of many mariners, particularly older men, to appear before examiners, and many of them had not obtained their certificates before the expiration of the time limit. I should say that the section dealing with these certificates of service provides that the mariner shall have served as master of a home trade inland or minor waters vessel for a period of 12 months within a period of 10 years starting with 1948. The bill provided that this limit be extended indefinitely, and some objection was raised in committee to the fact that while a mariner might have acquired experience in waters such as the Newfoundland coastal waters or in the St. Lawrence he would have no experience, say on the west coast.

Therefore an amendment was moved in committee to the effect that the minister would be empowered to limit a certificate of service to waters described in that certificate. This was done by an amendment to subparagraph (c) of clause 9 amending section 119 of the Canada Shipping Act, which adds at the end of the subclause (c) the words "within the limits prescribed by the minister and specified in the certificate".

Following this first amendment to subclause 1, the wording in subclause 2 had to be changed somewhat. I should first explain that the previous subsection 2 said that the holder of a certificate for a vessel under 150 tons could on application be entitled to surrender his formal certificate and have this certificate endorsed so as to be good for ships of up to 350 tons. Since we are now limiting the application of these certificates to certain waters we could not have this provision in the new subclause 2, because it might not be in the interest of some holders of present certificates to obtain new certificates, which would be endorsed for ships of higher tonnage but limited to certain waters. Therefore it is for this reason, as hon. members will notice, that new subclause 2 as amended by the committee does not contain the provision that "the holder is entitled upon surrender thereof to be granted a certificate under subsection 1 for those waters."

That deals with the first amendment. The second amendment is a very simple one and it has to do with clause 25 of the bill. This clause was amended in order to further clarify the wording used in the first part of the clause. The amended clause reads as follows:

(1) The international convention for the prevention of pollution of the sea by oil, 1954, set out in the fourteenth schedule (hereinafter called the convention), is approved.

(2) The governor in council may make regulations—

Then (a), (b) and (c) follow. A period was added after "approved" in the original text, and the clause was divided into two subclauses, one dealing with the approval of the convention and the second giving power to the governor in council to make regulations. As I said, this is only a matter of further clarification of the wording of the clause.

Clause agreed to.

On clause 2—*Exemption from registry.*

Mr. Green: Clause 2 makes a provision that ships from 10 to 15-ton registry shall no longer be required to effect registration under this act. Hitherto the exemption has been for ships under ten tons. This is only one of several changes made in the Canada Shipping Act by these amendments, which have the effect of lowering standards. I doubt very much the wisdom of doing that in connection with this act.

The Canada Shipping Act has been the basis of our marine law for many years. Before that we depended upon the merchant shipping act of the United Kingdom. The provisions, by and large, have stood the test of time. Yet here we are making a change so that it will be no longer necessary for ships from 10 to 15 tons to be registered. They will be thrown into the category of the smaller ships which are licensed and which number about 120,000—these, of course, are the small motor boats running around the Ottawa river, the Rideau canal and the various lakes in Canada—about 120,000 small boats licensed under the Canada Shipping Act, as distinguished from ships that are registered. From now on

ships from 10 to 15 tons may come into that category. It will not be necessary to register them.

The parliamentary assistant told us in the committee that there are about 17,000 ships registered in Canada, as distinct from those that are licensed, and of that number 3,354 are in the category of from 10 to 15 tons, there being 857 on the west coast and 2,497 in the rest of Canada.

I am afraid this change is one that is unwise and really not necessary. We were told in the committee that it was done in order to cut out red tape. I suppose we should all be in favour of doing away with red tape in governmental activities, but this practice of registering ships has been a very important factor in our whole shipping picture. Apparently no shipping organization asked for the change. For example, neither the merchants' exchange in Vancouver nor any of the other organizations there interested in shipping asked for this change. Apparently it was requested by different individuals. I am wondering whether a good many of them are not owners of pleasure boats who did not want to be bothered registering their ships which might be from 10 to 15 tons. However, from now on it is not going to be necessary to register them, and in my opinion that breaks down the formalities of registration which have been in existence for so long.

The parliamentary assistant took the position in the committee that the department is not very particular about this amendment, and that if the committee saw fit to recommend going back to the old law, that is, that only ships under 10 tons should be exempt, there would be no objection from the department. I hope that since the sittings of the committee the department has had time to consider this matter further, and I would ask the parliamentary assistant now whether it would not be possible to leave the provision as it was before; as it is under the law at the present time. The present section 8 reads as follows:

> 8. Ships not exceeding ten tons register tonnage employed solely in navigation on the lakes, rivers or coasts of Canada and pleasure yachts not exceeding ten tons register tonnage wherever employed or operated are exempted from registry under this act.

I suggest that we would be wise to continue that provision rather than make the change contained in clause 2 of the bill.

Mr. Langlois (Gaspe): As I explained to the committee when the bill was considered there, this amendment is to provide that ships are exempted from the requirement to be registered if their net tonnage does not exceed 15 tons. Here we are dealing with net tonnage. The law as it stands puts that limit at 10 tons and we are now asking that it be raised to 15 tons. I wish to remind hon. members that owners of ships below 15 tons net tonnage will still have the privilege of registration if they wish to do so. Otherwise they must take out a licence, which involves a much simpler method. I also wish to repeat what I said in the committee, to the effect that this has nothing to do whatsoever with building standards and inspection requirements. The ships that are registered or licensed will be subject to the same requirements that apply to all other ships covered by the inspection regulations.

I also wish to add that in adopting the new limit we are following the same practice that has been adopted in the United States and in the United Kingdom. All we are doing is to relieve the owners of these small craft from the trouble of going through the complicated procedure of registration when we think that registration achieves no practical purpose. As the hon. member for Vancouver-Quadra put it, and I think I used the same expression in the committee, all we want to do is to cut red tape and cut down on formalities when we are of the opinion that formalities and red tape achieve no practical purpose.

Moreover, in the committee I also gave figures indicating that even with the present exemption for ships below 10 tons net registered tonnage our list of shipping shows that well over 1,000 ship owners with ships below 10 tons have found it convenient to register them, and they are in fact registered and appear in our shipping list. Raising the exemption from 10 tons to 15 tons does not necessarily mean that all owners of ships between 10 tons and 15 tons will take advantage of the new limitation, but they will be at liberty to register or license their ships as they wish.

A while ago the figure of 3,000 ships was mentioned as being the number of ships which will be affected by the change, but it must be said that this is the number of ships between 10 and 15 tons net tonnage which are actually registered. The amendment of the provisions of the present section raising the limitation to 15 tons does not mean that these ships will automatically cease to be on the registry. They can be withdrawn from the registry only on application of the owner, and unless the owner takes that action the ships will continue to be registered.

As far as the attitude of the department is concerned, I expressed it in the committee when I stated that the department was not

unduly insisting for this amendment, but I must say that we have since considered the remarks made in the committee and we have not been convinced that the amendment proposed in the bill should not be carried. We must bear in mind that the registry of these small ships involves a lot of work in the department, and if we can cut down that work when we think it is possible to do so without affecting the requirements of the department as far as inspection is concerned, I think we should do so. For these reasons I believe the proposed clause should remain as it is. As I said a moment ago, all we are seeking to do is cut down on red tape and formalities which achieve no practical purpose.

Clause agreed to.

Clauses 3 to 24 inclusive agreed to.

On clause 25—*Regulations.*

Mr. Green: Clause 25 is the clause which deals with the international convention for the prevention of the pollution of the sea by oil, and that convention is included as a schedule to the bill. As the parliamentary assistant knows, section 495A does two things. In the first place it gives power to the governor in council to make regulations for carrying out the international convention which aims at preventing pollution of the sea by oil. In the second place it gives power to the governor in council to make regulations to prevent the pollution by oil from ships of any inland, minor or other waters of Canada. There are two distinct powers contained in section 495A.

I take it that it will be some time before the international convention becomes effective, and it is unlikely that there will be many cases under the convention off the coasts of Canada outside territorial waters. The parliamentary assistant has stated that the plan is to seek help from the navy and the air force—

Mr. Langlois (Gaspe): For enforcement.

Mr. Green: —in order to enforce the regulations, that is, to be able to prove that a ship has polluted waters within 50 miles of the Canadian shores. But the other powers are very important right now. As far as the west coast is concerned, as soon as publicity appeared concerning the prevention of pollution by oil there were favourable comments in all the Vancouver newspapers. There we have had trouble for quite a number of years—I am sure the Minister of Fisheries will agree with me—caused by the pollution of the waters off our shores by oil, sometimes from ships and sometimes from refineries. I guess the worst case of pollution in Vancouver harbour was caused by a refinery.

I urge upon the parliamentary assistant that prompt action be taken to have regulations drawn up and put into effect dealing with the pollution of our own waters. It has become a great nuisance on the west coast, and I think the department should act quickly. I should like to know from the parliamentary assistant what the intentions of the department are in this regard. During the sittings of the committee I gained the impression that it might be some time before regulations were enacted. One cannot complain about that as far as the pollution of waters beyond our territorial waters is concerned. But with regard to pollution within our territorial waters there should be action now. I would ask the parliamentary assistant to let us know what the plans are in connection with that particular part of the problem.

Mr. Langlois (Gaspe): In answer to the question asked by the hon. member for Vancouver-Quadra may I say this. As he himself must have noticed when the matter was before the standing committee, our officers of the steamboat inspection branch had already been busy working on the preliminary draft of these contemplated regulations. We expect that within three to four months from the time this legislation becomes law, these regulations will be finally drafted. The hon. member will also recall that in committee I stated that we would have to consult with the industry. I believe he will be pleased to hear me say that we have not waited for these regulations to be drafted and come into force before taking some action with respect to pollution. I have here a notice to ship masters which has just been handed to me. It bears the date of July 15, 1956 and reads as follows:

NOTICE

To ship masters

The discharge of oil from ships in the Port Alfred area—

This is in the case of Port Alfred. This is an example.

—is causing a serious pollution problem, resulting in serious damage—

Mr. Green: Where is that from?

Mr. Langlois (Gaspe): That is from the Department of Transport. I was going to read the whole thing. Perhaps I had better start back at the beginning again:

The discharge of oil from ships in the Port Alfred area—

That is one of the national harbours board ports on the Saguenay river.

—is causing a serious pollution problem, resulting in serious damage to property and the ruination of bathing beaches.

You are requested, therefore, to refrain from the discharging of oil-contaminated ballast water or oil waste in any other form in the Saguenay river area.

This notice is dated July 15, 1956, and is signed "Deputy Minister, Department of Transport". It is just an example showing that we have already taken some action. We are doing this in respect of other ports also. This is just one example applying to the port of Port Alfred in the Saguenay river.

Mr. Green: It will be three or four months before the regulations are drawn up?

Mr. Langlois (Gaspe): Yes.

Mr. Green: How long does the parliamentary assistant expect it to be before this international convention comes into force? It must be approved by a certain number of nations. Perhaps we could be told approximately when it is expected the convention will be in effect.

Mr. Langlois (Gaspe): Mr. Chairman, I am told that is anybody's guess. I can make a guess. I would say twelve months. As the hon. member knows, it is rather hard to give a precise answer to the question just asked by the hon. member. I would say roughly twelve months.

Mr. Green: About a year?

Mr. Langlois (Gaspe): Yes.

Mr. Green: In other words the international convention will be of no effect and our regulations passed to implement that convention will have no effect beyond territorial waters probably for at least a year?

Mr. Langlois (Gaspe): Yes.

Mr. Green: What about the great lakes? My understanding is that this international convention does not cover the great lakes at all.

Mr. Langlois (Gaspe): No.

Mr. Green: So there may be oil pollution by ships in the great lakes provided it is not done within Canadian waters. Is that right?

Mr. Langlois (Gaspe): That is right.

Mr. Green: Are any steps being taken by the government to negotiate with the United States a treaty or convention covering oil pollution by ships on the great lakes? That would seem to be necessary before the problem is met in that particular part of Canada.

Mr. Langlois (Gaspe): As I said in answer to the hon. member's previous question, we expect that regulations governing the waters which are excluded from the provisions of the convention will be ready in some four months' time. As regards the great lakes in particular, in committee I stated that we had had preliminary discussions with the United States authorities, and that we were asking for their co-operation in respect of the great lakes area and in respect of these inland waters bordering United States shores as well as Canadian shores.

Clause agreed to.

Clause 26 agreed to.

On clause 27—*Regulations.*

Mr. Nesbitt: Mr. Chairman, I have just a few brief remarks to make. The information the parliamentary assistant gave us in committee was exceedingly interesting. I might say that the suggestions made by the parliamentary assistant with respect to making regulations under this section were, I thought, very excellent. In that respect I think the department should be commended.

However, there is one other thing I should like to mention and it is this. In the report of the committee I believe it will be found that the minister told us that eventually there were going to be three ships on the great lakes equipped with helicopters for search and rescue work; one on lake Ontario, one at the eastern end of lake Erie and one on lake Huron. When questioned about this matter the parliamentary assistant told us that the one on lake Huron was under contract now and would probably be ready in a year or two; that the one for lake Erie might not be ready for five years, though possibly it would be ready at some time sooner than that; and that the one for lake Ontario would be ready in the same length of time.

I should like to bring this matter to the attention of the parliamentary assistant. Every year there is a big death toll by drowning on the great lakes. Only two or three days ago eight people were drowned in Georgian bay, and there will be a bigger toll before the the summer is over. We all know that it is too late to do anything this summer, but surely by next summer something could be done.

I know it is not possible to get these ships equipped with helicopters by next summer. I would agree on that point. But could not some interim or substitute method of search and rescue be provided by next summer as a stop-gap to prevent these drownings, or to help in their prevention until these ships are ready? Could not greater use be made of the Royal Canadian Air Force or something of that nature until the Department of Transport ships are ready? These matters are always brought very forcibly to everybody's mind at this time of year, when practically every time you pick up a paper you find that there

has been a drowning or a boat accident in the resort areas on the great lakes.

I wish the parliamentary assistant would consider the possibility—if not for this summer at least for next summer—of doing what I have suggested, until such time as these new ships are constructed for the department, namely to have some temporary additional search and rescue work done by the R.C.A.F. in co-operation with the Department of Transport or something like that. May I call it six o'clock?

Mr. Langlois (Gaspe): We shall be very pleased to look into the situation which has just been brought to my attention.

Clause agreed to.

Mr. Blackmore: Six o'clock.

The Chairman: It being six o'clock I do now leave the chair.

Mr. Harris: Mr. Chairman, my understanding is that we are almost on the last clause but two, and unless there are lengthy remarks to be made perhaps we could try to clean it up.

Mr. Herridge: I am going to be only a minute or so. I was rather surprised to hear the hon. member call it six o'clock.

Mr. Green: I want to ask a question later.

Mr. Hosking: We waited until eleven o'clock the other night. Five minutes will finish it.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Herridge: Mr. Chairman, I did not rise on section 1 because there was no necessity to do so, but I do want to say that the committee made a very comprehensive and complete study of this bill with the assistance of the parliamentary assistant and his officials. I think all the members of the committee recognize the competence with which the parliamentary assistant handled his end of the discussion. We are also indebted for the very clear-cut and informative answers we received to questions placed before the officials on various sections of the bill.

On the basis of our study of the bill in committee, and recognizing this as a technical subject in which we have to rely to a great extent on the experience and ability of the officials, this group supports this bill as a move in the right direction and something that will end up to the general advantage of the people of Canada.

[Mr. Nesbitt.]

We were particularly pleased by the introduction of section 27, which provides for the licensing of the operators of small boats on inland, minor and other waters. A number of the members of this group have noticed the increasing number of small boats on our various waters, and as in the case of the increasing traffic on our highways there is no question but that the time has arrived to have some regulation with respect to the licensing of boats and the licensing of operators.

We realize that legislation of this type is not going to be introduced suddenly and be functioning perfectly within a short time. We were therefore very pleased to learn that it is the intention of the department to implement the legislation gradually as the result of co-operation with launch clubs, yacht clubs and other persons who are interested in navigation and the operation of boats. We were also interested to learn that the department is doing something to educate the public, in the terms of the legislation, as to the necessity of licensing boats, and I presume they will do the same with respect to the licensing of operators. I think the small pamphlet that has been issued by the department is very excellent indeed. I think it is a very sound and democratic procedure to seek the co-operation of the people in the administration of legislation of this type, and I believe the department is to be complimented for adopting that approach to this situation.

During the discussion on this section there were some interesting remarks made concerning the question of life preservers. That subject was in the minds of a great many members of the committee as the result of some extremely unfortunate accidents that occurred in recent weeks. During the discussion some members of the committee cited their various personal experiences concerning life preservers that had been sold to people in various parts of Canada. I for one was very surprised to find that you can buy a life preserver marked "government approved". I personally thought it meant that the preserver was approved by the Department of Transport, but the committee learned it simply meant in some cases that it was approved by the provincial department of health as being new material, as in the case of a bed mattress. But that is not of much concern for your health if you happen to drown when you are wearing the preserver.

In that connection we in this group think the department should do everything possible to inform the public of the situation with respect to life preservers, and ask

that they only purchase life preservers which have the approval of the Department of Transport if they wish to be safe when they are on the water.

In that respect we urge a continuing educational program as far as the operators of boats and the public generally are concerned. We think the department should do everything it can to co-operate with the manufacturers. I am sure that when the public and manufacturers and all concerned understand the situation it will not be too long before the public in its own interest and the manufacturers in their interest will co-operate with the Department of Transport for the greater safety of those who travel on our beautiful lakes, rivers and other bodies of water.

Mr. Nesbitt: Mr. Chairman, I have just one brief question. During the hearings before the committee the parliamentary assistant told us that we were going to start hearing representations from boating clubs, yacht clubs, manufacturers and various individuals with respect to forming a good and practical set of regulations for small pleasure boats on the great lakes and other minor waters of Canada. I believe this question was asked before, but I would like to reassure myself concerning this matter. When does the department plan to commence holding these hearings before the committee?

Mr. Langlois (Gaspe): I am sorry; would you mind repeating your question?

Mr. Nesbitt: I was just asking the parliamentary assistant when the officials of the Department of Transport plan to commence holding hearings of representations from small boat owners, yacht clubs, manufacturers, and so on?

Mr. Langlois (Gaspe): Before answering this question, Mr. Chairman, I wish to thank the hon. member for Kootenay West for his kind remarks. I wish to assure him that the officials of the department and myself were most pleased to be of assistance to the committee when it considered this bill.

Turning now to the question I have just been asked regarding the meetings and consultations we are going to have with the boating organizations and with all those interested in boating in Canada before the regulations are drafted, I must tell the hon. member we are going to contact them and seek their suggestions as soon as this bill becomes law.

Mr. Green: Am I to take it there will be no regulations in effect before the remainder of this boating season; is that right?

Mr. Langlois (Gaspe): As I said in committee, we are planning to send out a questionnaire to all these organizations I have just mentioned and to all those who have shown an interest in these proposed regulations. We are planning to hold meetings and discussions some time in the fall; therefore it is extremely unlikely that these regulations will be in force during the present season.

Mr. Green: Can the parliamentary assistant give us an estimate of how many licenses it will be necessary to issue to operators of these small boats?

Mr. Langlois (Gaspe): There are some 100,000 boat licenses issued in Canada; so if you take it as an average that there are two operators per boat who are going to seek such a license, you can roughly estimate the number of operators licenses to be issued at something in the neighbourhood of 200,000.

Mr. Nesbitt: One further question, Mr. Chairman. During the sittings of the committee the parliamentary assistant told us, as I understand it, that they were considering licensing boats other than those equipped with 10 horsepower motors. If that is the case, would the remarks of the parliamentary assistant apply if it is decided as a result of these hearings to license boats with motors of less than 10 horsepower?

Mr. Langlois (Gaspe): As I said in the committee, it is rather difficult for me to give any definite commitments as to what the regulations, which have not yet been drafted, are going to contain; but there is a possibility that we will require that the operators of boats with engines of less than 10 horsepower be licensed. There is a definite possibility of that.

Clause agreed to.

Clause 28 agreed to.

On clause 29—

Mr. Green: Mr. Chairman, this is the clause which adds to the Canada Shipping Act as the fourteenth schedule the international convention for the prevention of pollution of the sea by oil, 1954. That conference was held from April 26, 1954, to May 12, 1954, and I notice in article 15 the following provision appears:

> The present convention shall come into force 12 months after the date on which not less than 10 governments have become parties to the convention, including five governments of countries each with not less than 500,000 gross tons of tanker tonnage.

Can the parliamentary assistant tell us how many governments have already become parties to this convention? Can he also tell us which countries have over 500,000 gross

tons of tanker tonnage, and how many such countries are parties to the convention?

Mr. Langlois (Gaspe): So far the United Kingdom is the only country which has ratified the convention. In reply to the second question asked by the hon. member for Vancouver-Quadra, the countries with more than 500,000 gross tanker tonnage are the United Kingdom, Norway, the United States, Holland and France.

Mr. Green: Are those the only countries which have over 500,000 tons of tanker capacity?

Mr. Langlois (Gaspe): There may be a few more, but I am sure those five have that tonnage.

Mr. Green: Am I to understand that although it is two years since the conference, the United Kingdom is the only country which has become a party to the convention?

Mr. Langlois (Gaspe): That is right.

Mr. Green: Is there any prospect of the ten countries, including the five which have this gross tonnage of 500,000 tons in tanker capacity, becoming parties to the convention in the near future?

Mr. Langlois (Gaspe): We hope so. We are informed that the convention is being considered by the governments of a number of these countries.

Mr. Green: When the required number of countries have become parties to the convention, it will take a further period of 12 months before the convention comes into effect?

Mr. Langlois (Gaspe): That is right.

Mr. Green: I notice that article VI of the convention refers to territorial waters. What does the Department of Transport consider to be the territorial waters of Canada?

Mr. Langlois (Gaspe): Three miles.

Mr. Green: Here is another illustration of the need for Canada to make up her mind about her territorial waters. For several years the Department of Fisheries has been trying to get a definition of Canadian territorial waters which will meet the actual needs of the country today. We seem to go along year after year without making a decision on this point, expecting that some day there will be an international treaty under which all nations will agree to just what constitutes territorial waters.

From what I read about the situation there seems to be very little prospect of any agreement being reached on that point in the near future. In the meantime various countries are making declarations as to what they consider to be their territorial waters. I suggest to the Prime Minister that it is about time Canada made up her mind as to what Canadian territorial waters are to be. Here we are becoming a party to a convention which refers to territorial waters, and surely there should be some clarification of what this government considers to be Canadian territorial waters.

I believe the Prime Minister knows that on the east coast they are asking for a 12-mile limit. They are in trouble with their fisheries because there is no 12-mile limit and our fishermen are being unfairly treated. On the west coast we have the situation created by Hecate strait between the Queen Charlotte islands and the mainland of British Columbia. This should be considered Canadian territorial waters, yet these waters have not been positively declared as such.

Frankly I cannot see why the government delays in taking a stand on this question. I think it is just chasing a will o' the wisp to be waiting year after year for some kind of international agreement. I hope something will be done this year by the government, and that there will not be any further delay in reaching a decision as to just what constitutes Canadian territorial waters.

Mr. St. Laurent (Quebec East): The matter is now under very active consideration. We do not want to make a declaration at this time which would call for contestation by our friends. We are endeavouring to arrange matters so that we can make our declaration and not have it contested by adjoining countries, and countries with whom we have always had cordial relations.

Mr. Green: When does the Prime Minister expect that this declaration will be made?

Mr. St. Laurent (Quebec East): There is to be a discussion on this matter at the next general assembly of the United Nations. We hope that before that time we will be able to inform these adjoining and friendly powers of the position we are going to endeavour to promote at this meeting of the United Nations.

Mr. Green: Will that be made public at the time or will it all be confidential?

Mr. St. Laurent (Quebec East): The communications we are having with these friendly powers at this time are confidential, but the agenda for the next meeting of the United Nations provides for a public discussion at which time we would be taking our position on several of the controversial points.

Mr. Green: Will that constitute a declaration by Canada as to what she considers her territorial waters to be?

Mr. St. Laurent (Quebec East): I do not know that a declaration by Canada as to what she considers her territorial waters to be would advance us very much unless we got a recognition from others that they would respect those territorial limitations.

Mr. Green: Is it not a fact that quite a few other countries have made unilateral declarations as to what they consider their territorial waters to be, and apparently in most cases those declarations are respected by other nations?

Mr. St. Laurent (Quebec East): They are not; they are contested. The matter is being considered now by an international committee which was set up by the United Nations and which will be making its report. I hope and expect there will be discussion on that report, at which time many governments will be making their positions clearly known.

Mr. Hees: I gather from what the Prime Minister said that at the United Nations the Canadian government would try to indicate, would endeavour to propose—

Mr. St. Laurent (Quebec East): Would endeavour to promote an international theory as to the extent of territorial waters and the way in which they are to be determined from point to point.

Mr. Hees: The Prime Minister is saying that at this international gathering we would endeavour to propose. What in the world is stopping Canada from standing on her two feet and making a proposition? Why do we have to endeavour to propose?

Mr. St. Laurent (Quebec East): Because of the number of divisions we have in our armed forces. We do not want to start a war. We think the method we are following is the one that is most apt to get recognition without any conflict as to what will be regarded internationally as the territorial waters.

Mr. Hees: There are two different things. One is making a declaration of something you are going to do, and another is making a proposition of what you think is a fair attitude. The Prime Minister said they were going to endeavour to make a proposal.

Mr. St. Laurent (Quebec East): Not endeavour to make a proposal.

Mr. Hees: You cannot stand up and make a proposal regarding what Canada thinks should or should not be done and ask other people in a straightforward manner whether or not they agree with that, or do we always have to be mealy-mouthed in our attitude to other nations?

Mr. St. Laurent (Quebec East): We do not have to be mealy-mouthed, but we do not find that it would be of serious advantage to adopt the attitude of the hon. member.

Mr. Green: As I understand it, the Prime Minister is referring to discussions of this question which will probably take place in the general assembly of the United Nations later this year. I presume those discussions would be among all the nations that are members of the United Nations, but does that mean that no decision will be reached by Canada unless all these nations agreed to a definition of territorial waters?

Mr. St. Laurent (Quebec East): Canada itself cannot enact international law, but Canada will use its best endeavours to get recognized as international law the principles for which we shall be contending.

Mr. Green: I should think it very unlikely that all these nations would reach any agreement, because they are so very far apart. As the Prime Minister knows, there are different limits set by many different nations. It is not a matter of war at all; it is simply a matter of what these nations consider to be their territorial waters. For example, I believe some of the nations in South America claim that their territorial waters run out for 200 miles. Will Canada not be in the position, if the Prime Minister's course is followed, that she simply goes to the meeting of United Nations and puts forward her suggestions; then, if no agreement is reached, shall we not be back exactly where we started?

Does there not come a time when Canada, as I believe Australia and many other nations have done, can and should say that Canada considers her territorial waters to be 12 miles from the shore line estimated in such and such a way? Will it not be necessary for Canada to take that step at some time, in any event, if there is ever to be any definition of Canadian territorial waters?

Mr. St. Laurent (Quebec East): We shall certainly say what we consider should be regarded and recognized internationally as Canadian territorial waters, but we do not want to start something that we are not in a position to carry through. We shall have to have, not the unanimous consent of all the United Nations, but we shall have to have recognition by, for example, the authorities of the United States, the authorities of France and the authorities of those countries who have historic fishing rights on the great banks. We should have, by general recognition to make it regarded as binding upon all nations, acceptance of the decision that was

rendered by the international court of justice with respect to the conflict between northern European countries and the United Kingdom. That has set a principle which we think should be applicable to our own shores. We think the conditions are such that the decision that was there rendered would apply to many parts of the Canadian shores, and we think this effort by the United Nations to clarify the international law in that regard is very much worth while.

Mr. Green: May I take it from the Prime Minister's replies that the Canadian government has already decided what it considers should be Canadian territorial waters?

Mr. St. Laurent (Quebec East): Yes.

Mr. Green: —and is merely waiting for an opportunity to place that opinion before the general assembly of the United Nations?

Mr. St. Laurent (Quebec East): I should not like to say that there has been a firm decision that may not be varied as a consequence of our conferring with the other nations, but we think, for example, that this decision of the international court of justice is applicable to most of our shore line. We think the 12-mile limit should be recognized, but we must admit that even if it is there are historic fishing rights that we shall also have to recognize within those territorial waters.

Mr. Green: Are those not separate things? Are not the historic fishing rights one thing and the question of territorial waters another thing?

Mr. St. Laurent (Quebec East): It will be helpful, I think, to have those matters discussed at the same time and, in order to get recognition of our claims, to have our claims qualified by the knowledge given to those who might be disposed to contest them that it is not intended thereby to exclude the historic fishing rights that have been established over the centuries.

Mr. Barnett: While we are on this subject, I too should like to address a question to the Prime Minister about it. I have in my hand an extract from the *Times* of London for June 8 last, as quoted in the July 13 issue of the fisheries council of Canada Bulletin. This extract says in part:

> The international law commission today finally confessed its failure to be able to agree on a firm formula regulating the breadth of the territorial sea.

It goes on to set forth some details and then states:

> The commission recognizes that international practice is not uniform as regards the delimitation of the territorial sea. The commission considers that international law does not permit an extension of the territorial sea beyond 12 miles . . .

[Mr. St. Laurent (Quebec East).]

Then it goes on at the end of this extract to say:

> Members were probably influenced in their final vote by a serious warning sounded by Sir Gerald Fitzmaurice (United Kingdom) against a general licensing of the 12-mile limit.

In view of our close relationship with the United Kingdom within the commonwealth, and in view of the general expression of support for the 12-mile limit by the Prime Minister, I wonder whether he could tell us whether there are any direct discussions going on with the United Kingdom, and could he perhaps give us some information as to why apparently the United Kingdom is so much opposed to this extension, with which I think most of the people in this country agree?

Mr. McIvor: On a point of order, are not these territorial waters more a concern of the Department of Fisheries?

Mr. Green: On the point of order, this very convention we are considering refers to territorial waters, and this whole discussion has been completely in order, if the hon. member had only been listening.

Mr. St. Laurent (Quebec East): I would not attempt to state what are the reasons of the United Kingdom for desiring to maintain the territorial waters within the three-mile limitation. They are probably the same reasons they had for supporting that stand before the international court of justice.

Mr. Barnett: My question was whether the Canadian government is carrying on any direct discussions with the United Kingdom on this subject with a view to perhaps laying the groundwork for some agreement in the general assembly.

Mr. St. Laurent (Quebec East): There have been discussions with the authorities of the United Kingdom and there will continue to be further discussions, but the whole matter will probably be threshed out publicly in the discussion of the report of the international commission that has been set up.

Mr. Nesbitt: In view of the fact that certain South American countries such as Peru and Chile, I believe, have made unilateral declarations extending their territorial waters up to 200 miles, would the Prime Minister tell us whether or not, in view of the talks that have taken place, the government would consider suggesting that Canada's territorial waters extend beyond the 12-mile limit?

Mr. St. Laurent (Quebec East): No, I do not think we would venture to claim that the territorial waters extended beyond the 12-mile limit. We would not think there would

be very much chance of having that recognized internationally, in spite of the declarations that have been made by some of the South American countries.

Mr. Green: May I ask the Prime Minister what the stand of the government is with regard to Hecate strait?

Mr. St. Laurent (Quebec East): I cannot make any formal statement. There are these several questions about which we do not think it would be advisable to take a stand publicly that would be apt to be controversial before there is this opportunity to have a general discussion of the report of this international commission of experts.

Mr. Hees: I take it from what the Prime Minister has said that at this United Nations meeting the Canadian government is going to put forward the suggestion that foreign draggers stay outside of our 12-mile limit.

Mr. St. Laurent (Quebec East): There will be qualifications to that attitude because of the historic rights that have to be recognized with respect to the waters bordering our shores.

Mr. Hees: Does that mean that anybody now fishing within our 12-mile limit is going to be allowed to continue to do so?

Mr. St. Laurent (Quebec East): No, Mr. Chairman, it does not mean that and it does not mean the contrary. It does not make any assertion whatsoever in that regard. That matter will be considered when there has been a sufficient recognition of the 12-mile limit for territorial waters.

Mr. Hees: Then could the Prime Minister just say simply what it does mean?

Mr. St. Laurent (Quebec East): It means that the question is not yet one that is determined satisfactorily under international law.

Clause agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read the third time?

Mr. Green: Next sitting.

Some hon. Members: Now.

The Acting Speaker (Mr. Applewhaite): Next sitting of the house.

INCOME TAX ACT

The house resumed, from Tuesday, July 3, consideration in committee of Bill No. 418, to amend the Income Tax Act—Mr. Harris—Mr. Applewhaite in the chair.

Income Tax Act

On clause 1—

Mr. Michener: Mr. Chairman, in a sense I am fishing outside the territorial waters of second reading. I began to speak just before the motion for second reading was carried, and by arrangement it was agreed that I and the hon. member for Comox-Alberni, I believe, could carry on with a few general remarks on the first item.

I had been drawing attention to a number of examples of changes in the Income Tax Act which might very well have been considered by the banking and commerce committee had the bill been referred to that committee, where some of the ideas which originate in the house—and I think some very good ideas originate in the house with respect to income tax—might have been put forward and discussed and perhaps received more serious consideration than they do under the method now employed in making up the budget and the amendments to the Income Tax Act. The amendments in the bill are largely technical, and in so far as they are not they carry out the decisions of the minister as disclosed in the budget address.

I had indicated one weakness of our income tax legislation in comparison with others countries, namely that not enough consideration is given to the parents of children. Not enough deduction of taxable income is allowed for those who are raising children. Certainly we do not do as well in Canada as is the case in other countries. I had cited the example of Great Britain.

I now refer to one oddity of the act. If a man is fortunate enough to have a child toward the end of the year he is immediately entitled to family allowance with respect to that child, and the deduction from his taxable income which he is entitled to receive goes down from the $400 for a child not receiving the family allowance to $150 for a child who is getting the family allowance with the odd result that although only one instalment of family allowance may be paid for that child, that is, the December payment, the father loses $250 by way of deduction from income and gains only one small payment of $5 per month by allowance. That is a rather Irish way of putting it but that is the effect of the regulations as they are because there is a great difference between the amount allowed as a deduction and the tax payment received in the case of a child in receipt of family allowance and one which is not. It makes a difference of perhaps $45 to a parent in that particular circumstance.

Another type of exemption which it seems to me could well be considered by the committee is the encouraging type of exemption which would permit the father of a family or a householder who wants to see his child educated in a good school to deduct the school taxes which he pays to another governmental authority. I have raised this point before and I raise it again. It seems to me it is one that deserves serious consideration, particularly in the light of the responsibilities which municipalities have now and which they will have to load on the home owner. It would not result in the loss to the treasury of a great deal of revenue and it would be easing the lot of the parents of children who, as I say, are not as well dealt with under our income tax law as they are in some other countries.

Another sort of exemption which would be good and which would be an encouragement to the enterprise of our people is an exemption which would allow a family to deduct from taxable income the amount paid for medical and health insurance. Certainly it is a problem which is receiving consideration. The problem of health insurance is one that receives consideration from all levels of government, and it is a big issue. But it seems to me it would be an encouragement to those who are prepaying their medical and hospital costs if they were allowed to deduct those payments from their taxable incomes. It would not be difficult to work out an arrangement by which medical expenses, which are now deductible if they are more than 3 per cent of income, or prepayments on insurance of this kind could be deducted, depending on whichever was the larger.

Another item with which I want to deal I can leave until clause 3 is reached, because it relates to the change in the exemptions allowed to the teaching clergy. However, there is one other item with which I wish to deal and that is the position of the self-employed. I wish to say a few words again about that issue, because it has again escaped the attention of the minister in his revision of the numerous sections which deal with approved pension plans. I see that they are now called registered pension plans. There are quite a number of provisions in the act dealing with them, but there is no relief for the self-employed. There is no correction of the injustice which has been pointed out time and time again in this house, and which has been the subject of representations to this government for at least ten years. I refer to the injustice which exists as between the position of those who are employed and are on payrolls and that of those who are working for themselves, with respect to the pension fund savings which they are permitted to make and to deduct from their taxable incomes.

I want to bring to the attention of the committee the people who are involved in this issue. They are the self-employed, the people who are in the professions and those who are working for themselves, such as the farmers and so on. They are set out in the very excellent table of statistics which the Minister of National Revenue produces each year. I refer to "Taxation Statistics" for 1955. At page 9 each profession and occupation is listed separately, beginning with the medical doctors and surgeons. There were 10,000 of those who paid income tax in Canada in the year ended 1953, which is the last year for which figures are given. They are not all the doctors, because there are upwards of 14,000 in the country, but 10,000 of them are in the income brackets and they paid on an average of $11,000 of income each in the year 1953.

Their case is, I think, quite a special one, and it was presented to the government not so long ago in a brief of the Canadian Medical Association in which the argument I think is stated very clearly and very well. They say that over the past ten years repeated representations have been made by the medical association separately and jointly with other professional associations to the effect that self-employed taxpayers should be entitled to make provision for their own retirement. Such encouragement could best be demonstrated by permitting income tax deferment on personal purchases of annuities and other retirement funds in the same manner that now applies to approved pension plans.

The committee well know that the approved pension plans are available only to people who are employed, who are on payrolls. They can set aside up to $1,500 of their own earnings and their employers can put in an equivalent amount, making a total of $3,000 with respect to current purchase of pension rights for the future. That is all deducted from the income on which the employee and employer pay taxes in the current year. The fact is that an employed man, when he is at the height of his earning ability, is able to put aside money on which he has not been taxed for a pension which will be paid to him when he has retired and when he will be taxed at a much lower rate. The case for the medical profession seems to me to be particularly good.

Mr. Fulton: Not only the medical profession; every other profession.

Mr. Michener: I shall come to the others. Of all the professions, the medical profession

must have the longest period of training and they have the shortest period of high earning capacity. On the average I think they get into practice at about 32 years of age. They have perhaps about 25 years in which to establish themselves, earn their living and provide for their old age. It is unfortunate if they are not to be allowed the privileges which under the present legislation are allowed to their fellow practitioners who undertake to work for a clinic or in some place where they receive a salary.

The next group mentioned is that of consulting engineers and architects. Then we come to lawyers and notaries. No one has much sympathy for them; nevertheless they constitute an appreciable number in the community. Then we come to accountants, of whom there are some 2,600; dentists, of whom there are 4,460; osteopaths and chiropractors, of whom there are 1,400; and business proprietors of whom there are 167,250. These are the men who take the risk of entering into business on their own account and of making a failure of it. Next we come to salesmen, of whom there are approximately 39,000; forestry operators, of whom there are approximately 1,700; other professionals, 2,700; entertainers, 1,900; farmers, 69,200. That is not many farmers. Those are the farmers who pay income tax. In Canada there are 545,000 farmers and stock raisers to whom the changes which I suggest would apply if and when they are in the taxable income range. Then we come to unclassified taxpayers and finally to nurses, of whom there are 3,720. If one deducts from the total number of taxpayers in Canada in that year—which was about 3,400,000—those who are employees, namely about 3 million, we have left a difference of about 400,000 persons who are self-employed and are paying income tax. They are the people who deserve the consideration for which I am asking tonight.

I have here the amount of income produced by unincorporated business in 1955. Farm operators, from farm production, produced revenue of $1,421 million; non-farm and unincorporated business—that is the other self-employed—produced $1,753 million. That is a total of over $3 billion out of a national income of over $20 billion. They contributed in all about 15 per cent of our national prosperity. They are the people who are suffering under the disability which I may say is a continuing injustice.

I hope the minister will take this matter under consideration for next year. Unless there is some argument which I have never heard I can see no justification for continuing the practice which has been accepted in this country for some years. The answer given has been that there are administrative difficulties. But let me point out to the committee that this year Great Britain has solved the administrative difficulties. When I spoke on this matter previously the British committee under Mr. J. Millard Tucker, Q.C., had reported and recommended a method of dealing with the administrative problems. There was a second Tucker committee, and I should like to advise the house of what has been done in the present year in Great Britain. They have at last found an answer to this problem. I think I have a quotation here from Right Hon. Harold Macmillan, chancellor of the exchequer of Great Britain. This is from the *Financial Post* of June 23, 1956. It is in an article written by Mr. Donald Robertson, a very good article, on this problem. He quotes the British chancellor of the exchequer as saying:

> I propose to give effect, though in a simplified and modified way, to the recommendations of the second Millard Tucker committee on relief to the self-employed in respect of provision for retirement. This will grant relief from income tax and surtax within certain limits in respect of premiums paid to provide a deferred annuity on retirement.
>
> It will apply to professional men in practice, to individuals and partners in businesses which are not companies, to controlling directors of companies and finally to employees who are not entitled to any benefit under schemes set up by their employers.

The article goes on to say:

> Stating that a condition of tax relief would be that benefits secured by premiums be payable as annuities and not as lump sums, Mr. Macmillan said that tax exemptions would be limited to pension contributions not exceeding £500 or 10 per cent of earned income in any one year. Beneficiaries, he thought, would range from city accountant to village grocer.

That was described, Mr. Chairman, as a measure of simple fiscal justice, and that is what we lack in this country, simple fiscal justice on this particular issue. I believe that in the course of the debate the limit of £500 of income which self-employed might save has been raised to £750, but I am not sure whether the matter has been finally disposed of. However, there is a serious attempt to deal with what so far has been an insoluble problem to the Minister of Finance and his predecessor. I suggest, Mr. Chairman, it is high time that the issue be met squarely and fairly, and this measure of injustice and discrimination which has been left in our income tax law and has become of very considerable proportions should be eliminated without further delay.

I should like to deal with another matter, but I shall reserve that until clause 3 of the bill is reached.

Mr. Barnett: Mr. Chairman, I am not quite sure that I shall be making the same speech now that I would have made when we were on second reading, when the hon. member for St. Paul's and I agreed to let that pass. A lot of water has gone under the bridge since then. However, I have one or two matters that I should like to bring to the attention of the committee and of the minister on the consideration of this bill, which involves, as somebody suggested, a variety of amendments to the Income Tax Act.

I think perhaps clause 1 of this particular bill has some rather interesting material in it. I note, for example, this change which extends the phrase that requires the inclusion of the value of board and lodging to any other benefits of any kind whatsoever. Perhaps when we get into the detailed discussion of the bill the minister might be prepared to give us some reason for what appears to be a rather tightly drawn part of the act. Also in clause 1 is mentioned for the first time in the act, so far as I know, the matter of a supplementary benefit plan. I suppose that is one of the most important and in some ways interesting features of the Income Tax Act amendments this year, and certainly it is one that will be of great interest to the trade union movement across the country.

I would like to tell the minister that I have been having some discussions of this clause, pro and con, with one of my colleagues, the hon. member for Cape Breton South, and I have been rather inclined to defend the clause and say that it appeared to me to be a fairly satisfactory and fair arrangement. However, I should like to warn the minister that when we come to clause 19 of the bill he may have to do some explaining for the benefit of my colleague from Cape Breton South, because in the course of our private conversation he said to me—and I am going to quote him for the minister's benefit now—that he thought this description of the supplementary benefit plan was "wrapped in mystery, and like the language of Biblical parables was subject to as endless a variety of interpretations which later will be clarified by regulations written behind the scenes and which we will never see."

I thought at the outset of my remarks I should serve notice on the Minister of Finance that when we come to clause 19 he will have to give some particular clarification of it before the hon. member for Cape Breton South and myself are in complete agreement as to the meaning of this clause.

There are one or two points in this act that I have an interest in discussing, apart from the particular reference I have made so far to clause 1. One of them is the fact that in the province of British Columbia, and perhaps in other parts of the country as well, we have an increasing number of organizations which are setting out to provide housing for senior citizens. In this regard I should like to supplement the plea that I know has been made by the hon. member for Okanagan Boundary in respect of some rethinking of the definition of what constitutes a charitable organization in this connection. Such an organization has been getting under way in the Alberni valley where I make my home, known as the Alberni valley memorial home society, which is set up as a community organization with participation by various local service clubs, trade unions, and other organizations of that kind, which are making contributions to this project. I have had sent to me a copy of a letter signed by the director of the legal branch and addressed to the secretary treasurer of this organization, which says:

> After careful consideration we have come to the conclusion that Alberni valley memorial home society does not qualify as a charitable organization within the meaning of the Income Tax Act and donations to it are not allowable deductions under the provisions of section 27 (1) (a) of the act.

Well, apparently that is the position that has been taken by the legal branch of the Department of National Revenue; therefore it leaves open to members who are interested in this matter only the recourse of suggesting to the Minister of Finance that consideration should be given to an appropriate amendment to section 27 (1) (a).

There is one other matter, Mr. Chairman, that I should like to touch upon briefly. It has been brought to my attention a number of times, and I believe it has been touched upon by some other members of the house. I refer to the problems that arise in respect of the financing of the education of university students by the students and their families. I am not going to deal with this at any great length at this time, but I do feel there would be a great deal of merit in considering a change in the allowable exemptions of these people under the act for students at recognized institutes of higher learning. There should be allowed to them at least in addition to the basic $1,000 exemption the amounts they are required to pay in university fees. I feel, Mr. Chairman, that this would be a very beneficial change for our young people, who would find it easier to finance themselves or for their families to finance them in respect of their university education.

There is one other matter, Mr. Chairman, and this with me is not a new subject; it is a subject I have taken up during the last two sessions, and both times the minister has told me "no". However, I am going to persist in bringing this matter forward as long

as I am here and able to do so, until I feel some progress is made concerning what I have described as an injustice applied to those whose incomes are derived from wages and salaries in respect to deductions which are allowable for the expenses incurred in making a living.

I notice that in the Canada Gazette, part 1 of the July 21 issue, there is contained information bulletin No. 10 issued by the taxation division of the Department of National Revenue, from which it would appear, so far as this campaign which I and others, and certainly the trade union movement, have been conducting that perhaps we are going backward instead of forward.

While this information bulletin certainly does not change the existing law, it appears to be an indication that the Department of National Revenue is placing greater emphasis upon collecting every last allowable benefit that working people may have been receiving, and is making sure that employers do not allow employees any possible benefits in the way of free board or accommodation or transportation and so on even though they may have to travel a great distance from their homes in the course of earning their living. In one place it says:

> However, employees who are hired for the purpose of filling a specific job away from home are not regarded as travelling "in the course of their employment". They are not on travel status for their employer but are in the same position under the act as employees who have to leave their homes and go afield to get work.

I do not agree that this is always necessarily the case. I have drawn the attention of the minister before to the type of problem that exists on the British Columbia coast, where there is something more than the matter of employees having to go to jobs away from home. In this case they may have to travel back and forth several times during the year because of summer shut-downs for fire seasons or winter shut-downs because of snow.

Under circumstances like those it seems to me there is a need, in our logging industry and possibly in other industries where this business of travelling expense is something that is necessarily incurred while an employee is making his living, for reconsideration. As I mentioned before, the same situation applies in respect to any allowable deduction for tradesmen in regard to tools or special clothes. If these things are going to be allowed to farmers and fishermen and in the course of business expenses to corporations and individual businesses, there is no reason why under reasonable circumstances there should not be some provision whereby people on wages and salaries should not have the same sort of provision as this which applies in other connections.

While I am not too optimistic that the minister is going to get up and announce that he is prepared to move an amendment to the present bill, I feel there is an injustice under the present act, and it is certainly one which I intend to pursue with the minister as long as I have an opportunity of doing so.

As I say, Mr. Chairman, I shall defer any further remarks particularly with respect to the matter of the supplementary employment benefit plan until we get further into the details of the bill. These two or three points I wanted to raise prior to the committee stage, and I am very glad to have had the opportunity of discussing them tonight.

Mrs. Fairclough: Mr. Chairman, there are a couple of questions I would like to direct to the minister on clause 1. In the first place the term "registered pension" appears throughout the bill to have taken the place of the words "approved superannuation". I would like the minister to explain why the change was made and what necessitated it. My second question is this. What type of benefit has the department in mind when it uses the phrase "of any kind whatsoever"?

Mr. Harris: Mr. Chairman, concerning the first question the change of the wording to "registered pension" is to overcome the misunderstanding which I think has arisen over the use of the word "approved" in the present act. We do not approve pension plans as such. All that the Department of National Revenue does is to register pension plans whereunder the employer may be entitled to deduct certain payments made into the fund for income tax purposes. On the other hand, the use of the word "approved" would indicate that we had in some manner indicated approval of the plan itself, and we are trying to avoid that in what we are doing here.

With respect to the other question, we have in mind other forms of benefits that might be derived in the normal course of employment other than board and lodging. I think the hon. lady will understand, because she is well acquainted even with the law, that there is a rule that provides that when you use such words as "board and lodging and such other benefits" you are confining yourself nevertheless to board and lodging and some similar benefits, whereas there might be a benefit in connection with the employment quite apart from board and lodging which ought to be taxed, and that is the provision which we are making here.

Mrs. Fairclough: Well, Mr. Chairman, I am concerned as usual with the advantageous position in which certain corporations and their employees are placed in comparison with self-employed persons. I am presuming that the minister it talking about such things as golf club memberships and so on.

Mr. Harris: No, not quite that, although that might be it. An example would be the free use of motor cars and things of that kind which are taxed; some similar benefits of that nature.

Mrs. Fairclough: Let us take the cost of service club fees. If a corporation is large enough it may pay the fees of as many of its employees as can qualify for membership in as many service clubs as happen to be in that particular district. These men who are working for a large corporation are deemed to be carrying out the service of their company, and quite rightly so; because undoubtedly they would not of their own volition belong to these clubs which are strictly on a classification basis. However, a self-employed person who likewise belonged to a service club for precisely the same reason an employee of a large corporation belongs to it is not permitted the deduction of those fees.

In my estimation that is not right. What is approved for one should be approved for the other. You may say, truly enough, that the individual who works for a corporation receives no personal advantage and I agree; and you might also say that the individual who works for himself does receive some personal advantage. The individual who works for himself may have some personal advantage; nevertheless he loses a great deal.

The same is true of the operation of a motor vehicle. A person may use an automobile registered in the name of an unincorporated company 99 per cent for company business, but the law says that if he does not possess another motor car he is deemed to use that car 25 per cent for personal use. Where a corporation makes a motor car available to an employee for his own use that employee has nothing whatsoever added to his salary for the advantage he gains from the use of that car, and the company is permitted to charge as a deduction the cost of operation and depreciation.

Those are the three things which come immediately to mind, but I know there are many others. There are dues for golf clubs, dues for service clubs and the cost of operating motor vehicles. I know from personal experience that the self-employed person is at a considerable disadvantage as compared with the person employed by a corporation.

[Mr. Harris.]

Mr. Harris: Beginning at the last and working backward, where an employee of a corporation is allowed the use of a motor vehicle, that is added to his income for taxation purposes. It may well be true that in some cases the hon. member may know of the zealous Department of National Revenue not being able to find it, but in fact it is being done at the present time.

With respect to fees for service clubs, memberships and matters of that kind, it has always been thought that those would be an expense of the business concerned but they are not added to the income of employees, as the hon. member has indicated, in the case of corporations. I would suggest that the amendment before the committee at the present time may permit that to be done.

Mrs. Fairclough: That does not give any advantage to the self-employed person who has all these expenses added to his personal income.

Mr. Harris: There would be no disadvantage, because if you allow it as an expense to the corporation and charge it as income to the employee, there is no discrimination against the self-employed.

Mrs. Fairclough: How can the minister account for the wholesale resignations from service clubs of persons who were members as representatives of their respective businesses, but who found the fees were added to their incomes for taxation purposes?

Mr. Harris: I think the service clubs will maintain their present membership, because most members really feel it is an advantage both to themselves and to the community to belong to such clubs.

Mr. Campbell: I was hoping the minister would comment on one point brought out by the hon. member for Comox-Alberni, that is the matter of donations to housing or co-operative bodies which are being set up for the purpose of providing low rental accommodation for older citizens. Such donations are not allowed as deductions for income tax purposes. Would the minister comment as to why this is not being done, and if there is not some way these bodies can get around the present act?

Mr. Harris: Mr. Chairman, I appreciate the remarks of the hon. gentleman, in particular the subject which he has brought to my attention. The real difficulty here is that to all outward purposes these companies which negotiate loans or arrangements with Central Mortgage and Housing Corporation to build tenements or homes for older people have on the face of it a profit motive. I think everyone realizes that there is no profit, at any rate not in the present, although there may be in

the distant future if in due course Central Mortgage and Housing Corporation are paid off. We would then have a building on which there was little or no debt, and at that point presumably profit would enter into the picture to the benefit of those persons who constitute the corporation.

On the other hand I am free to confess that if there were not such a possibility of profit we could very well consider that this might be held to be a charitable donation and therefore exempt under the act. All I can say at the moment is that I have been considering the point and will continue to do so. If some of the doubts which I now have can be overcome perhaps I may be able to say something about it.

Mr. Leboe: This clause contains the words "of any kind whatsoever" and it seems to me that we are entering a really dangerous field. Somewhere along the line somebody is going to have to put a price tag on these services. For instance quite often the people living in logging camps are supplied with free wood and free light from the power plant, as well as other services. Somebody is going to have to put a price on those services. It seems to me that the thing is wide open, and it should be spelled out more firmly than it is.

Mr. Monteith: What about firemen and policemen who wear uniforms which are usually purchased as a group? Is it intended to cover that by the phrase "of any kind whatsoever"?

Mr. Harris: No. Firemen and policemen and the like are not charged income tax on the value of their uniforms, and it is not intended to do so.

Mrs. Shipley: I was quite interested in the remarks of the hon. member for St. Paul's with respect to professional men, and making contributions to pension funds deductible. I submit that the self-employed person should have the same benefit as the person employed by others, but there is one particular group which I think deserves special consideration, and I refer to the medical profession. When I speak of the medical profession I am not including dentists. It is well known that some medical men make high incomes, but some do not. Generally those in the lower brackets are the hardest worked. Many of them work 18 hours a day to make the incomes they do.

I realize that in the large cities it is sometimes difficult to get a doctor after hours, as it were, but that is not so in the smaller communities. Doctors there work late at night, and when a doctor is sure the case is an emergency he will go out in the middle of the night. I know from actual experience that many doctors work 18 hours a day and are on call 24 hours a day. It seems to me that if any concession is to be made, this group of professional men should receive special consideration.

Included in professional men we have lawyers. Personally I like lawyers as individuals, but it seems to me they are the one group of professional men that have a terrific advantage. They never have to work after hours, except those who are members of parliament and take their duties so seriously that they are here some Fridays and some Mondays. They may work after hours, but if they do it is by desire, because nobody is going to die through not having a lawyer. The rates of pay received by most professional men are as high, and a great deal higher in many cases. I am particularly thinking of the legal rates of pay. That seems to me almost a cartel or a combine; I do not know the exact word for it. However, the fee for the time involved is very great; often it is a percentage of the business.

Medical men get a certain fee; they are obliged by their oath to work at any time of the day or night, and they do. It seems to me that they, above all other professional groups—and I have no objection to all the other professional groups having this concession—should be entitled to this concession first, and then let it be spread out.

When I started to speak, I said I did not include the dentists in the medical profession. I like dentists as much as lawyers, as individuals; but it is a common practice today following extractions, if there is any bleeding or complication and you do succeed in locating your dentist, for him to say, "Call your doctor." That is a common practice throughout Canada today. I like to see them all happy but let us start with the medical profession first.

Mr. Barnett: While the legal brethren are recovering their breath from the effects of the remarks of the hon. member for Timiskaming, I should like to come back for just a minute to the question reintroduced by the hon. member for The Battlefords.

From what the minister says, I think that he would agree as regards the people who are contributing to the projects that we are discussing for providing housing, their gifts at the local level to get the project started are free-will gifts. Therefore there is a case for them to be regarded as charitable donations. I was wondering if the societies were to include a clause in their charters which would make it very clear that there

was to be no profit, a clause that would require that any surplus that might accumulate at a later time would be reinvested in improvements or expansions of that particular project, whether that might simplify the question of having the contributors to those organizations qualify on the charitable donations.

Mr. Harris: May I point out that I thought we had passed through the general discussion, and that we were now confining ourselves to the actual clauses before us. However, just to answer my hon. friend's question, that is one of several ways that has occurred to us to consider the matter; but my hon. friend, I think, can take it from me that we are considering all the alternatives to see whether there is some plan that will meet the case. If I might say so, I would rather not discuss it further, because we should like to get on with the clauses.

Mr. Leboe: I must come back to this question again. I am not quite satisfied yet. I am thinking now of the passes, for instance, that are granted to railway employees and employees of various companies in the transportation business, including T.C.A. and C.P.A. Surely we are leaving this too wide open. I should like the minister to say something on this and clear the matter up for me. I am not referring to members of parliament, because they come under the Railway Act and it is not passes that they or members of the Senate have, but it is other people who have passes. It would seem to me that they would be required possibly to say, "We had so many passes that were worth so much."

Mr. Harris: I hope the hon. member will not put ideas into my head. I have no intention of taxing the value of free passes on the railways available for railway employees. If I did that I would feel that I should have to tax the free passes of members of parliament as well. So in those circumstances I am sure my hon. friend would let it go at that.

Mr. Leboe: I should like to, but it was pointed out several times in the committee that any words that are said on the floor of the house or in committee have no bearing on the interpretation of the act. That being the case, it seems to me that it is too broad when it says "any kind whatsoever". Though the minister might give an undertaking here, I do not think, from my experience and from what I was told very plainly by one of the ministers, that means a thing. It is the interpretation of the act. I do not feel satisfied in that regard. I think the act is fully spelled out there.

[Mr. Barnett.]

Mr. Harris: It is not, and that is why we are trying to extend it. There are some quite obvious things, such as the hon. member for Hamilton West has mentioned, which ought to be taxed; but there are those such as my hon. friend has mentioned that will not be. If it should happen that, using this broad clause, we get into a field where hon. members feel we should not be, this would be the place to attend to it; but under the present circumstances I can only suggest to the hon. member that there are benefits on which people ought to pay, and that is the purpose of the particular amendment.

Mr. Barnett: As I understand it the act as it now stands reads "board, lodging and other benefits". I wish the minister could explain a little of what difficulties the department has run into in a reasonable interpretation of what are "other benefits", because this matter in a way is related to some of the other things I have been discussing.

The hon. member for Cariboo, I think quite rightly, has pointed out that in the outlying districts where facilities are provided by companies in the logging and mining business and occupations of that kind, there are certain things on which the hon. member mentioned putting a value. One of the concerns I have is that some of these companies may use this legislation to put on an arbitrary dollar value and start charging their employees or making deductions for things which by custom over a long period of years in the type of industry to which I have been referring have been provided as perhaps an inducement to people to go out to the more isolated and pioneering parts of the country.

"Of any kind whatsoever" is very broad. Whilst the minister says if this creates a difficulty he will be glad to consider it, nevertheless it might be much easier to consider the implications now before it becomes law than to wait till it has to come back here as the result of people crying about various injustices, and perhaps wait for the accumulation of quite a volume of them before anything is done about it. I wish the minister could give us some information as to why this change is deemed to be necessary.

Mr. Harris: I have given one example which I think is a good one, and that is the use of motor cars. There is no real provision in the act whereby we can assess for the use of motor cars except under a clause such as that which we are now placing before the committee. I think my hon. friend would agree with me that where an employee of a company is allowed a free motor car, or there is some arrangement made whereby he gets an advantage which you and I do not because

we have to pay for our motor car, he should be taxed for it. A very strict construction of the words as they are now, "board, lodging and other benefits" may not include that because the words "other benefits" may relate directly to board and lodging and would not extend to cover motor cars. The purpose of the amendment is to take care of that type of thing. I do not suppose we will go to the limit at all that my hon. friend has suggested, but there are far more obvious advantages of a greater value that go to people and which ought to be taxed.

Mr. Barnett: On the basis of the experience accumulated by the Department of National Revenue would there not be some advantage in adding a specific category? Would it not be enough for present purposes to add a suitable phrase to cover the question of transportation facilities? If other instances occur of real abuse of this provision then they could be added on the basis of experience, instead of creating a situation where someone in the field may get a wrong idea as to just how that should be interpreted.

Mr. Fleming: In reply to various questions as to what it is the minister has in mind that he is seeking to achieve by the inclusion of the words "of any kind whatsoever" he has several times given one example, namely some benefit in relation to the use of a motor car. If there are other benefits that are within the contemplation of the government in introducing this measure then I think the committee should be told, but if only one has come to light and is in the mind of the minister now then it seems to me he has not made out a case for introducing wide words such as "of any kind whatsoever". If it is simply a matter of reaching motor car benefits, why should that not be spelled out specifically in the clause?

I think the discussion tonight must indicate very clearly that there are many hon. members who approach the amendment with a good deal of apprehension, because no one sitting here tonight can fully conceive what may arise some time and what may be included within these very broad words that we are being asked to include in the section. The words of the present section have been there for some years. The Department of National Revenue has had a good deal of experience with them, and I think we should be told tonight what are the specific benefits that are thought now not to be within the scope of the taxing provision, which ought to be; and we should be told the full list of them. Then we can judge every one of them on its merits.

If we are told of others it may be that hon. members will not think they are the sort of benefits that ought to be included within the scope of taxable income. So far we have heard of only one example, and I say to the minister that if it is the only case that has arisen in the experience of the department the proper way to deal with that case is by a specific amendment, and not by including words of completely unlimited effect. One cannot imagine broader words than those, "of any kind whatsoever", and I think the reluctance indicated in the discussion thus far on the part of hon. members to include words of such broad effect is a very understandable reaction, when we are given only one example of what they might be applied to.

Mr. Monteith: To follow that up, I think it has become the practice of the Department of National Revenue to interpret the act strictly as it is worded. If these words, "of any kind whatsoever", are included, what alternative are they going to have to taxing everything that can possibly be included, even uniforms of firemen, policemen and every other kind of item? More than once, and particularly in the estimates committee this year when considering the estimates of the Department of National Revenue, the department has pointed out how its hands are tied by the wording of the act. They say they have no alternative but to follow the wording of the act. It appears to me that they are not going to be given much alternative.

Mr. Van Horne: Mr. Chairman, there is one point that crops up at this time. I presume the minister is aware that employees of the C.N.R., for instance, are normally allowed about 10 per cent of their gross earnings for away from home expenses. I have had experience in helping fill out income tax returns for men on the C.N.R., and as long as the returns were sworn to they had no difficulty in having their away from home expenses deducted from their gross earnings, provided their expenses did not exceed 10 per cent. I am wondering how this regulation will affect that practice, which has already been adopted and more or less tacitly acknowledged by the department.

One thing that comes to mind as I look at the act is who gets it in the neck every time there is an amendment to the Income Tax Act. It is the workingman, and this is just another case where the workingman is going to be further punished by another change in the act. The hon. member for Timiskaming spoke of professional people. I happen to be a lawyer myself, but I have no sympathy at all for the way professional men may be treated under the Income Tax Act.

Who is the man who has to suffer by reason of our income tax laws? It is the workingman. When he goes on a vacation he is not in the same position as the professional man. He cannot offer the excuse that he is going to attend a convention and therefore claim his expenses as a deduction. I see that professional people are now allowed two conventions a year instead of one. The workingman is not allowed any conventions or any vacation expenses. Every time we turn around we find amendments being made which further cripple and hurt the workingmen of Canada. I think it is time we had another look at the situation.

Mr. Harris: My hon. friend has not taken time to look at the act or he would not have spoken as he has. There is a special provision in the Income Tax Act for the employees of the C.N.R. and other transportation companies to whom he has referred, and this clause does not refer to them at all.

To answer the hon. member for Eglinton, I do not suppose I could make a case on motor cars without also making a case on a number of other things, but it does seem that in a very short time we have turned from wanting to have this imposed as a tax on people to not wanting it. The hon. member for Hamilton West thought we should use this provision for the purpose of charging income tax on certain benefits that were obtained, and now my hon. friend seems to think we should not.

Mr. Fleming: In fairness I think I should say that the hon. member for Hamilton West was seeking to terminate the discrimination which exists in practice.

Mr. Harris: And the way to do that is to charge income tax on the benefits received by the employee. Now, there have been cases—

Mr. Fleming: Will the minister permit a question at that point?

Mr. Harris: Certainly.

Mr. Fleming: Does the minister not consider that the present section is broad enough to permit the inclusion within taxable income of that kind of benefit without any amendment?

Mr. Harris: No; that is the point of the amendment. It does not. It refers to "board, lodging and other benefits" and that means other similar benefits.

Mr. Van Horne: Does the minister not recognize that this clause will affect the provision regarding transportation company employees?

[Mr. Van Horne.]

Mr. Harris: There is no conflict. May I say that where there is a specific clause dealing with the costs of persons engaged in transportation, the law is in that section and not in a general section such as this. There have been cases where companies have paid the insurance premiums of their executives, have sought to have those as deductions and have objected to them being charged as income to the executives. There have been cases where they have supplied free furniture, free refrigerators, free things of that kind. These all ought to be added as income to the person receiving them.

Mr. Monteith: May I point out that I know many cases where the insurance premium paid on the life of an executive has been charged back to that executive as income.

Mr. Harris: I am glad to know that.

Mr. Monteith: And some of these other things that you mentioned.

Mr. Harris: My hon. friend will join with me in hoping that this will cover the particular case.

Mr. Monteith: It is covered now in this particular instance, or at least the Department of National Revenue has claimed it is covered.

Mr. Harris: That may well be.

Mr. Fleming: Has there been a determination on that point? With all respect, it would seem to me that the present language is broad enough to include a benefit of the kind referred to by the minister, namely, the payment of an insurance premium on the life of an executive by his employing corporation.

Mr. Harris: Mr. Chairman, there have been cases in which this wording "board, lodging and other benefits" has been brought into question as to whether it is broad enough to cover what we are talking about. That is why we are amending it.

Mr. Monteith: Has the Department of National Revenue ever had a case before the appeal board in this actual type of situation where the appeal board has ruled in favour of the taxpayer and said that the amount was not chargeable to a taxpayer's income?

Mr. Harris: Yes, Mr. Chairman. We have had a case in which contributions were made to a non-approved pension plan and when it got before the income tax appeal board it was suggested that perhaps these words were broad enough to cover it.

Mr. Fleming: Is that not a different matter? That is a contribution to a pension plan.

Mr. Harris: But it was in connection with the employee, not the employer.

Mr. Fleming: With respect, Mr. Chairman, I think the situation referred to by the minister does not support what he was saying earlier as to the necessity for an amendment to include such examples as the payment of premiums on a life insurance policy for an executive. Can the minister point to a decision of the exchequer court or of the supreme court where it has been held that the language of the present section is not broad enough to include payment of an insurance premium in a situation of that kind?

Mr. Harris: No, Mr. Chairman, I cannot show a case where the income tax appeal board in fact held that these words did not cover the broad benefits concerned. But I can produce a case in which doubt was thrown upon it, and that is the reason for the amendment.

Mrs. Fairclough: Although the hon. member for Eglinton protested, Mr. Chairman, I must myself register a protest against the minister's misinterpretation of my words. I am sure the minister himself knows that I was not attempting in any way to impose additional taxation upon any individual. If the individual is required by his employer to do certain things and to take certain benefits, wherein he has no choice so long as he maintains his employment with that employer, then you have a situation where his hands are more or less tied, and I do not think he should suffer thereby. Not only from what I have said tonight but from what I have said on previous occasions on various aspects of general taxation I am sure the minister knows that what I object to very strenuously is the discrimination against the self-employed and the small businessman who has an unincorporated business.

The Deputy Chairman: Shall clause 1 carry?

Mr. Fleming: No, Mr. Chairman. I wish to come back to that matter, but first there is one other subject I wish to mention. In this clause and in a number of other clauses of the present act the minister proposes to substitute the words "registered pension" for the present expression "approved superannuation". He has drawn attention to some difficulties in connection with the word "approved" and has said that the Department of National Revenue really does not give approval. He is proposing to substitute the word "registered", and he says that the department at the present time registers these plans. In the light of my own experience I am just wondering whether that is a very apt expression. Are any of these plans open to public view, or does the same secrecy attach to them as attaches to the return of the taxpayer?

Mr. Harris: The same secrecy attaches to them. It is not intended that there should be a central registry of plans. But in seeking to obtain tax deduction the employer must register the plan in order to get the deduction.

Mr. Fleming: Then, Mr. Chairman, I think the word "registered" is a most inept word to use. Surely the word "registration" is one that connotes the filing of certain things in a public office, a place of deposit, where a number is attached to each document, and the time of registration is noted. In the public office, in an ordinary case, these documents are all available to view. But surely all that is done here, if the word "approved" is too strong, is to file. They are simply filed there. But surely registration implies something different from the operation that is carried out at the present time, and "registration" surely is not an expression that ought to be introduced here at all.

Mr. Harris: For a long time we sought to find the appropriate word. It should be borne in mind that the plan is in fact presented for consideration, independent of the tax return that may be made at a given time. That is to say, an employer seeking to set up a pension plan would be obliged to submit the details to the Department of National Revenue for consideration and ultimate approval. If I use the word "approval", I think my hon. friend will know what I mean. I refer only to approval for tax deduction purposes. To the extent that the plan comes forward for consideration before in fact there is a tax deduction, it would seem to me that "register" covers to some extent at least what we are trying to say. It is much better than "approved"; and I think we ought to continue to use the word "registered".

Mr. Fleming: We use the word "file" with respect to returns and that is a satisfactory word. We never talk about registering returns of taxpayers.

Mr. Harris: No.

Mr. Fleming: What happens with respect to these approved pension plans? In the first place, application is made for approval of the plan. Certain documents are submitted. We will say that a new plan comes into effect, initiated by the employer and employee, and it is filed. Then the department

each year may require the filing of all the information that is required. Surely the actual step is closely akin to the filing of a return or other information that the department has the right to exact. This is not a case of registration at all. I think it is a most unhappy expression that is being coined now for this purpose.

Mr. Harris: I think my hon. friend omits one factor with regard to registration, namely the decision of the Department of National Revenue that the plan is one in connection with which tax deduction may be granted. If we use the word "file", as the hon. member indicates, it would only mean that we would have some kind of filing case in which we would put the plan and use it accordingly. The matter goes further than that. It goes to the extent of approval, if you will, for this purpose. There must be some action taken by the Department of National Revenue other than mere filing.

Mr. Fleming: Without trying to pursue the matter beyond proper limits, may I say this. I think what the minister has done now is to make out a case for the retention of the present expression in the act. He has not made out a case for introducing an expression like "registered pension". He has made out a case for retaining the word "approved". Where is the difficulty? Who is being misled by the present expression?

Mr. Harris: I do not know who is being misled, Mr. Chairman, but I know I was misled when I read the act. Anyone who reads it could readily come to the conclusion that the Department of National Revenue had approved that particular pension plan, and that that approval could extend to the terms of it, to whether it is wise or unwise or whether it is desirable or otherwise for the employee. We want to avoid having any such suggestion made.

Mr. Michener: Is that not true? Is that not a fact? The department does not approve plans the terms of which are not satisfactory, does it? I think the minister is being a little bit squeamish about the effect or the use of the word "approved".

Mr. McLeod: Just before we go on, Mr. Chairman, there are a couple of questions I should like to get cleared up in my own mind. Whose responsibility is it going to be to set a value on these benefits? That is the first question. Then in the case of the automobile that was cited as an example by the minister, is it necessary that the automobile be registered in the name of the taxpayer in order for it to be deemed to be taxable as income? if it is kept in the name of the company I do not see how it can be taxable, unless it is transferred as private property.

Mr. Harris: As to the former question, the valuation would, of course, be one which ultimately, if not decided between the taxpayer and the assessor, would have to be determined by the courts, or by the assessment that may be made. But in any cases such as those mentioned by my hon. friend there would have to be some preliminary discussion between the parties concerned. I would really think in the latter case it really does not matter who is the registered owner of the motor vehicle. It depends on the facts of the case as to whether the employee receives the use of a motor car from the employer, which is of a certain value to him.

Mr. Monteith: Mr. Chairman, the Minister of National Revenue has many times claimed that he and his department insist upon following the letter of the act and that they are only a collection agency. Under the department of the Minister of Finance the terms of the act are actually determined, and it is up to the Department of National Revenue to collect in full. The minister has even gone so far as to say that in his estimation some of the provisions of the act may appear unjust, but he cannot do anything about it. He and his department must insist upon collecting every penny that they say the act calls for, if it is left to the Department of National Revenue to make up their minds.

The minister says it is not the intention to collect on the uniforms of firemen and that type of thing. However, I do not think there is going to be any alternative, once this becomes law and gets into the hands of the Department of National Revenue, to doing what the Minister of National Revenue says has to be done. They are going to contend that their hands are tied. The decision as to every last detail of any kind whatsoever, as it says here, is going to be in the hands of the tax department.

The minister has admitted that he has not had any great difficulty. There was some small doubt in a small incident, or something of that nature, but he has admitted that he has not had any case go to the appeal board in any instance. As a consequence it would be much better if the wording of the act were left as it is at the moment and the taxpayer were given the small benefit of whatever doubt there may be.

Mr. Howe (Wellington-Huron): Mr. Chairman, in regard to the question of the use of motor cars by employees of certain organizations, how would that affect people who were working for the dominion government and the provincial governments, which provide

them with motor cars which they use sometimes for their own private purposes. Will the governments pay these people additional wages to look after the income tax they have to pay on the use of the cars.

Mr. Harris: It will depend, Mr. Chairman, on the arrangement with the employer as to whether or not the employee may use the car for his own personal purposes to any great extent.

Mr. Montgomery: It is well known all over the country that those employees use those cars for their own purposes. Just what percentage of the time they use them is pretty hard to determine, and what the minister is doing in this section is putting into the hands of the assessor, under the Income Tax Act and under the income tax department, the right to decide. He will make an arbitrary decision, such as is being done now all around this country, especially with regard to farmers and others. These people will find that they simply cannot afford to go to court. I think it is quite a vicious section, and it should be reconsidered.

Mr. Fleming: In regard to this matter of the use of motor cars, may I ask the minister what attitude the government proposes to take if this section is enacted in a case where a man is picked up at his residence and is transported to his place of business and vice versa at his employer's expense. Is that benefit to be treated as a part of his taxable income, and will some value be placed upon it by the assessor?

Mr. Harris: Mr. Chairman, the question has not arisen in that particular form that I know of. To answer the question asked earlier by an hon. member, I think there is some misunderstanding. I am not aware of any federal employees using motor cars for their own benefit. If they are I think it is contrary to the regulations.

Mr. Fleming: Let me put the case. The minister has not answered my point. I would think the minister would have to answer that. I was referring to the use of a motor car or to motor car privileges that are used as an example to justify the extension of the present legislation. Take the case of a senior officer of the Department of National Defence, for instance, who is picked up at his residence and transported to the offices of the department in a government car. Is that to be regarded as a benefit on which a value is to be placed by the assessor and added to that officer's income, and be subjected to taxation?

Mr. Harris: Mr. Chairman, the purpose of the discussion on motor cars was to cover the case where a motor car was placed at the disposal of an employee and used by him to his own advantage. The case my hon. friend has stated is one of a company providing some kind of bus service or transportation service for that employee, which is a wholly different matter.

Mr. Fleming: The minister has not dealt with my example of a senior officer being transported to the offices of the Department of National Defence to carry out his daily duties there. Take again the comparable example of an executive who is picked up by a motor car owned by a corporation and driven by a chauffeur of the corporation, in which he is transported from his place of residence to his place of business and then brought back again at night. Is that to be treated as taxable income? I really cannot see much difference in the two cases. If there is a tax payable in the case of the corporation executive, I fail to distinguish the difference in the case of the senior officer who is transported in a government car from his home to the offices of the Department of National Defence.

Mr. Harris: I would be inclined to agree with my hon. friend that there is no distinction; but, as I say, I am not aware of any case where a company sends a car to pick up a person and brings him in and that person is charged income tax on that benefit.

Mr. Fleming: No, not now, but we are talking about a case that is going to exist if this section is enacted, and the minister has put his whole case for this wide extension of the meaning of income in this situation on these motor car privileges. Now, surely, the test is not to be the fact that the man has the motor car in his possession and drives it himself. Surely the test is whether there are motor car advantages or benefits made available to him as an incident or term of his employment.

Mr. Harris: Well, that is the very point, and the mere fact that a company would send a car to pick up an employee would not, I think, come under the case where we are thinking in terms of assessing persons for the use of a motor car as such and not just the use of the car for a trip to work or something of that kind.

Mr. Pearkes: What would be the position of the Minister of Finance?

Mr. Harris: The Minister of Finance does not pay income tax on his motor car allowance.

Mrs. Fairclough: Mr. Chairman, what the minister has just said is quite the opposite of the practice of the department, because

one of the things the department has insisted upon is that an employee is not permitted to have the advantage of transportation from his place of residence to his place of employment. It is directly opposite to what the department has practised.

Mr. Fleming: In all earnestness I am going to suggest to the minister, in the light of the discussion we have had tonight, that he reconsider this clause before the bill comes up again. These are very broad words, "of any kind whatsoever"; indeed, they are as broad, I think the minister will agree, as any draftsman can write. I do not think there is a member in this house tonight who can foresee the full application of these words. I earnestly urge upon the minister that before this bill comes up again he reconsider the breadth of his words and see if there is not something that admits of a much clearer definition and understanding than those words.

Mr. Harris: Perhaps I am at fault in some respects, but I am afraid I cannot go along with the thought that the words are not clear and understandable.

The Deputy Chairman: Shall the clause carry?

Mr. Fleming: No; it is ten o'clock.

The Deputy Chairman: Shall I report progress and ask leave to sit again.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take the second reading of the Telegraphs Act, the resolution in the name of the Minister of Transport with respect to the St. Lawrence seaway authority and then the Income Tax Act and the Public Service Superannuation Act.

Mr. Fleming: In that order?

Mr. Harris: Yes.

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

HOUSE OF COMMONS

Tuesday, July 31, 1956

The house met at eleven o'clock.

THE ROYAL ASSENT

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

Chief Justice's Chambers,
Supreme Court,
Ottawa, July 31, 1956.

Sir:

I have the honour to inform you that the Honourable Mr. Justice C. H. Locke, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 31st July, at 9.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
W. Kenneth Campbell,
Private Secretary to the
Chief Justice of Canada.

PRIVILEGE

MR. GOODE—REFERENCE TO REMARKS OF HON. MEMBER FOR EGLINTON

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, on a question of privilege: As reported at page 6625 of *Hansard* I mentioned, during an exchange with the hon. member for Prince Albert (Mr. Diefenbaker), that the hon. member for Eglinton (Mr. Fleming) had spoken for one hour in this house last Friday night. I was in error; he spoke for only 30 minutes.

CRIMINAL LAW

FOURTH AND FIFTH REPORTS OF JOINT COMMITTEE

Mr. D. F. Brown (Essex West): Mr. Speaker, I have the honour to present the fourth and fifth reports of the special joint committee on capital and corporal punishment and lotteries. The fourth report constitutes the final report on the lotteries question. The fifth and final report of the committee is principally a summary of the committee's activities. No motion will be made for adoption of these reports at this time.

EXTERNAL AFFAIRS

ISRAEL—INQUIRY AS TO POSITION RESPECTING EXPORT OF SABRE JETS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Prime Minister or to the Secretary of State for External Affairs respecting the permits for the export of Sabre jets to Israel. Does not the recent and present truculent attitude being exhibited by Colonel Nasser underline the need of an early decision in this regard, and what is the present position of the consideration being given by the government to this matter?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, as the hon. gentleman knows the Prime Minister announced in the house some days ago that discussions were taking place among certain governments, in addition to the Canadian government, concerned with this matter. It had been hoped, Mr. Speaker, that those discussions would have been completed by now and that an announcement in regard to Canadian policy on the matter could have been made. However, there has been a delay, so that not only this government but the other governments could consider the effect if any of recent developments in relation to the Suez on this other problem. It is hoped that this delay will be very short and that an announcement can be made in a few days.

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, may I ask a supplementary question. Was the original order for Harvard training planes for Egypt ever completed, or are there still three more Harvards to be sent?

Mr. Pearson: My impression is that the order has been completed, but I had better look into the matter to make sure that my impression is correct.

NATIONAL DEFENCE

GREENWOOD, N.S.—REPORTED CONVERSION OF COAL-BURNING EQUIPMENT AT R.C.A.F. STATION

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, may I be permitted to direct a question to the parliamentary assistant to the Minister of National Defence. I sent him

notice, though with the present hours he may not have received it until a few moments ago. Is it correct that the Department of National Defence has called for tenders to convert the coal-burning equipment at the R.C.A.F. station at Greenwood, Nova Scotia, to oil for 100 married persons' quarters?

Mr. Paul Hellyer (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, I have not received the notice to which the hon. member referred so perhaps I can take his question as notice.

GRAIN

WHEAT—REPORTED SHORTAGE AT ONTARIO FEED MILLS

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, in the absence of the Minister of Trade and Commerce I should like to direct a question to his parliamentary assistant. Has a telegram been received from the president of the Ontario farmers' union claiming that Ontario feed mills are having a great deal of trouble securing western wheat? Would the parliamentary assistant comment on this situation?

Mr. J. H. Dickey (Parliamentary Assistant, for the Minister of Trade and Commerce): Mr. Speaker, the telegram referred to has been received, but I am not in position to comment upon it. The allegations contained in the telegram are being investigated by the Canadian wheat board, and any comment would have to wait until that investigation is complete.

INQUIRY AS TO QUOTAS IN NEW CROP YEAR

On the orders of the day:

Mr. H. R. Argue (Assiniboia): In the absence of the Minister of Trade and Commerce, I should like to direct a question to the parliamentary assistant. My question arises out of the grave injustice caused to producers—

Some hon. Members: Question.

Mr. Argue: —at the 50 per cent of the marketing points still on the low delivery quota, and the minister's announcement the other day that shipping orders currently in effect at those points will be continued into the new crop year. My question is this. Will deliveries made at the low delivery points in the new crop year be made against current marketing quotas? In other words, will producers at marketing points have the right within the next few weeks to deliver on old quotas rather than on new?

[Mr. Gillis.]

Mr. J. H. Dickey (Parliamentary Assistant, for the Minister of Trade and Commerce): That question will be taken as notice.

APPLICATION OF RAILWAYS TO CHARGE DEMURRAGE ON BOX CARS

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of Transport. Could the minister inform the house as to the result of the application of the railway companies for the right to charge demurrage on box cars on track at elevator terminals?

Hon. George C. Marler (Minister of Transport): The only source of information I have at the moment is this morning's newspaper. I understand that a hearing took place yesterday and that the board set September 10 for a further hearing in the matter. In the meantime the charges have been suspended.

HEALTH AND WELFARE

FISHER RIVER RESERVE HOSPITAL—INQUIRY AS TO QUALITY OF TREATMENT

On the orders of the day:

Mr. William Bryce (Selkirk): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare (Mr. Martin) or his parliamentary assistant. When Peter Thom, treaty Indian, was admitted to Fisher River reserve hospital, was a third-year medical student the only person available to treat him?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I regret to say that I did not hear the question, but I shall take it as notice.

POWER

PASSAMAQUODDY PROJECT—INQUIRY AS TO PROGRESS OF DEVELOPMENT SURVEY

On the orders of the day:

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Has the minister anything further to report in connection with the proposed international survey of the Passamaquoddy tidal power project?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I can report that the terms of reference to the international joint commission governing this matter have been agreed on here and have been submitted to the United States. We expect agreement on these terms within

the next day or so. I shall be glad to announce that to the hon. gentleman and to the house as soon as agreement has been achieved. At that time the matter will be referred at once to the international joint commission.

PARLIAMENT HILL

PARKING ARRANGEMENTS IN LIBRARY AREA

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Could the minister advise the house what steps his department has taken to clean up the disorderly area north of the parliament buildings and make it an area of which this parliament can feel proud instead of ashamed?

Hon. Robert H. Winters (Minister of Public Works): May I ask the hon. member if this is the same area about which he inquired before?

Mr. Hees: I inquired about it a week ago and the minister said he was going to give consideration to getting it done right away. I think I have given him sufficient time.

Mr. Winters: I think perhaps I should thank the hon. member for his generous extension of time. The situation is that there is a committee sitting to consider certain aspects of the application of the federal district plan. Among other things they have been discussing parking on parliament hill. I have been reviewing this matter with the federal district commission, and I intend to await the committee's report before determining what final action shall be taken in that area.

Mr. Hees: I should like to ask a supplementary question. In the meantime, would he have his department have men go out with scythes and cut down the very thick weeds which are over a foot high?

WATER RESOURCES

WATER LEVELS OF LAKE MICHIGAN

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I should like to direct a question to the Secretary of State for External Affairs. In view of the recent announcement that the diversion of the waters of lake Michigan to the Chicago drainage canal will be increased by 1,000 cubic feet per second, could the minister tell the house whether lake Michigan comes under the joint commission and whether Canada has to sanction additional water going through that canal from lake Michigan; also whether that is the minimum amount that Canada has agreed to be permitted to go, over and above what has been going hitherto, through that drainage scheme?

Hon. L. B. Pearson (Secretary of State for External Affairs): I am not certain as to the exact legal status of lake Michigan in regard to boundary water matters, but I should be glad to look into it and make a statement tomorrow or the next day on that and also on the action taken in the United States congress.

TELEGRAPHS ACT

AMENDMENT CONCERNING CONTROL OF SUBMARINE CABLE INSTALLATIONS

The house in committee on Bill No. 212, to amend the Telegraphs Act—Mr. Marler—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*"External submarine cable" and "telecommunication" defined.*

Mr. Green: Mr. Chairman, when this bill was up for second reading I explained the position being taken by the official opposition in the following words, as found at page 5617 of *Hansard* of July 3:

> We in the official opposition are curious about some aspects of this particular bill and while we are not opposing it at this stage we are reserving our right to do so in the event that the examination by the committee reveals the bill has features which in our opinion would justify opposition to it in the subsequent stages.

In the interim the bill has been considered by the standing committee on railways, canals and telegraph lines, and as a result of the deliberations of that committee we believe that the government should take another look before insisting on the passage of the bill. To us it appears to be designed to stifle competition with the crown company known as Canadian Overseas Telecommunication Corporation, and we believe that Canadians are entitled to the benefit of competition between this crown company and the private companies which are operating in the same field.

Furthermore, we are afraid that the enactment of this legislation and the policy behind the legislation will in due course lead to the crown company, Canadian Overseas Telecommunication Corporation, having a monopoly in the field of external submarine cable service from Canada.

The bill will give the government a licensing power over outlets from these external submarine cables. In addition it will give a licensing control over the routing of cable messages within Canada. The minister really explained that in his speech on second reading. I am referring to page 5616 of *Hansard* of July 3, where the minister said the following:

> The government believes that by establishing a licensing system it will be in a better position to

deal more flexibly with applications for permission to land cables, to control the opening of circuits into Canada, and to regulate increases in the capacity of cables; and the amendment before the house has been drafted with these objects in mind.

That goes further than the law at the present time. The Telegraphs Act, chapter 262 of the Revised Statutes of Canada, 1952, does give the government very wide control over the landing of cables in Canada. I do not believe any wider control would be possible, and we were told in the committee that in practice such control has always been recognized by the existing companies. But now the government is seeking to go further and take this licensing control over the circuits that come from the cable head. Also, as the minister said, as reported lower down on page 5616—

Mr. Marler: I think the hon. member is mistaken when he speaks about licensing control over circuits coming from the cable head. I think the hon. gentleman should recall that the bill deals only with the cables themselves, not with the circuits in Canada.

Mr. Green: No. In the paragraph I have just read the minister himself explained the purpose of this bill. He said they were going to establish a licensing system under which:

. . . the government . . . will be in a better position to deal more flexibly with applications for permission to land cables—

They already had power to deal with the landing of cables. He then went on to say this:

—to control the opening of circuits into Canada, and to regulate increases in the capacity of cables; . . .

Further down on the same page we find this:

. . . but I think I should point out that the proposed licensing system would enable us to exercise some measure of control over the routing of traffic originating in Canada.

In the committee it was admitted by the minister that the main purpose of this amendment is to control competition from a reliable and long-established private company known as the Commercial Cable Company of Canada.

Mr. Marler: I think the hon. member is putting a very broad interpretation on what I said.

Mr. Green: I do not think I am putting a broad interpretation on it at all. I could quote half a dozen places in the evidence where the minister made it perfectly clear that the reason this amendment was being brought in was in order to permit him to control the outlets which the Commercial Cable Company of Canada would have.

[Mr. Green.]

That brings me to the plans of this private company. It has been in business in Canada since 1884, a period of 72 years. It is a United States company authorized by special statute of the parliament of Canada in 1884 to carry on this cable business in this country. It is a highly efficient organization. I am told by people who use the cable services of this company that it is the most efficient one in the field operating from the shores of Canada, and that when they wish to get fast service they mark their cables "via Commercial Cable".

This company have not laid a cable for about 33 years. Now they desire to lay what is known as a coaxial cable. I am not very well versed in the technical language of this business, Mr. Chairman; hence I may not get the accurate description in some cases. But evidently this is a modern, up to date type of cable. It is to extend from the United States through Canada, thence I think to Greenland and Iceland and then either to the United Kingdom or some country on the continent of Europe. There are to be what are known as 120 outlets.

Mr. Marler: Duplex circuits; 120 duplex circuits.

Mr. Green: I thank the minister for his correction. Of that number, 24 are to be made available in Canada if this company is allowed to proceed with its plans. The company is trying to modernize its service. For example, one of the officials told us in the committee that the company had a request from a large firm in Vancouver for a direct service which could be given only if this coaxial cable is laid, something which would put Vancouver on a competitive basis with Montreal in so far as cables to the United Kingdom, for example, are concerned.

I personally see no reason why the businessmen of the west coast should be denied that advantage, or should be forced to do business with the Canadian Overseas Telecommunication Corporation, which is what will result if this bill goes through and the government does not change its policy. It was also said that there were demands for leased wire service from Vancouver which could not be met unless this cable could be laid. The same thing applies to Winnipeg, where the Winnipeg grain exchange is in direct competition with the Chicago grain exchange. The men in business there want to have this fast service. Apparently they have applied for such service, and can only get it through Commercial Cable if that company is allowed to lay this modern cable. Otherwise they too will be in the position of being forced to do business,

whether they wish to do so or not, with the Canadian Overseas Telecommunication Corporation.

Now, Commercial Cable told the committee that as far back as 1950 they decided that they had to lay a modern cable. They gave evidence that in 1953 they had discussed this whole question with the officials of the Department of Transport. I have here a copy of their brief, from which I shall quote.

Mr. Marler: Was it not 1954?

Mr. Green: No, they say here that they reported their intentions to the Canadian government officials in 1953.

> There were delays caused by extensive surveys, plans and specifications, arranging for cable ships, arranging the $25 million financing and by change of route requested by government and other matters so that it was not until September of 1954 that all the plans, maps, specifications, financial arrangements, etc., were complete and filed with the Canadian government in a well prepared and complete application covering practically every detail. The Commercial Cable Company was to have 24 outlets in Canada available in this cable as needed over the years to come, to take care of the business from the Canadian Pacific Telegraph Company and clients of the Commercial Cable Company.

I should explain that this Commercial Cable does not send messages over land in Canada. They are carried by the Canadian Pacific Telegraph Company. This application was considered by the department for some time and in February, 1955, the minister wrote a letter to the solicitor for the company which I propose to read because it sets out the stand taken by the Department of Transport at that time. I think the same stand is being taken by the government today. The letter reads:

> Dear Mr. Maclaren:
>
> I refer to your letter of January 28, 1955, and previous correspondence in connection with the application of Commercial Cable Company to land on the coast of Canada a new trans-Atlantic coaxial cable.
>
> The government is prepared, subject to compliance by the company with all statutory requirements, to grant authority for the landing of the proposed cable, subject to certain technical and related stipulations the details of which are now being worked out; and subject to the conditions—

This is the part of the letter that is significant and to which I wish to draw attention.

> —that no circuits shall be terminated in Canada except for:
>
> (1) Purposes of defence communication from Canada to points outside Canada, so far as other available circuits are insufficient,
>
> (2) Commercial purposes in respect of circuits leased to Canadian Overseas Telecommunication Corporation.

In other words, this company could lay their cable in Canada and could have circuits in Canada only if those circuits were either for purposes of defence or were leased to this crown corporation. That tells the whole story right there. Are we in Canada to be put in this position with regard to external submarine cables? Then the letter went on:

> The nature and extent of defence communications permitted under (1) above will be defined specifically following further consideration of defence needs.
>
> As soon as the details of the above mentioned technical and related stipulations have been worked out, an order in council will be prepared to implement the foregoing.

The company were unwilling to comply with that letter, and frankly I do not blame them a bit. I think there are many hon. members in this house on the government side as well as in opposition parties who would not blame the company for being unwilling to lay a cable subject to those conditions.

They have complied with the law during the whole 72 years they have been doing business in Canada. They went to the government about this new cable landing and about their plans for circuits in Canada. Apparently they have always gone to the department about any rates that were to be charged. Whether or not they were under obligation to do so, the evidence showed that this had been their practice. They have done everything possible to co-operate with the government, but they now run up against this snag in that seven years ago the government set up a crown corporation and has apparently decided now that this government child, Canadian Overseas Telecommunication Corporation, is to be shielded and protected from competition.

Evidence was given by the officials of the company to the effect that they have no objection whatever to a licensing system provided that the rights given them under their original incorporating bill are not nullified, and that the system is not exercised in favour of the crown corporation. They said furthermore that they have no objection to the control of cable rates. So much for Commercial Cable.

Then I come to the Canadian Overseas Telecommunication Corporation. It was set up in 1949 as the result of an agreement among different commonwealth companies. Canada took over the assets of two private companies; I think they were Cable and Wireless Limited and Marconi. Part of the agreement among the commonwealth companies was that those countries would resist —and that is the important word—the authorization or opening of new circuits which would be detrimental to Cable and Wireless Limited or its associates in the British empire.

Those words appear in the agreement preceding the setting up of the Canadian Overseas Telecommunication Corporation. They seem to indicate that the policy of the government was to be one of monopoly or in any event of hamstringing the private companies, and that point was raised during the debate in this house in 1949. I will not quote again the extracts from *Hansard* which I read on July 3. There were also extracts from the proceedings of the committee, the same standing committee which dealt with the bill in that year. The then minister of transport, Hon. Mr. Chevrier, made it clear there was to be no interference with competition and that this crown company was not to have a monopoly.

But now after these intervening years we seem to have arrived at the point where that policy has been thrown overboard, and the government is adopting a policy which at least is severely restricting competition and which may result in monopoly, because if the private companies cannot modernize their systems it is only a matter of time until they will be out of the business as serious competitors.

The C.O.T.C. also felt that its facilities should be modernized, and this crown company made an agreement with the British post office and with another private United States company, the American Telephone and Telegraph Company, which as hon. members know is a very powerful United States utility. Another party to the agreement was the Eastern Telephone and Telegraph Company, which is a subsidiary of the American Telephone and Telegraph Company. If hon. members care to check that agreement they will find a reference to it in chapter 77 of the revised statutes of Canada, 1953-54.

That is described as an act respecting the Eastern Telephone and Telegraph Company. The recital sets out the various changes in the share capital of that company, and then the following recital appears:

. . . whereas the company pursuant to its statutory powers is a party to a contract executed on the 27th day of November, 1953—

This was about the same time that Commercial Cable were talking with officials of the department.

—with Canadian Overseas Telecommunication Corporation—

That is the crown company.

—American Telephone and Telegraph Company, and the Postmaster General of the United Kingdom of Great Britain and Northern Ireland for the construction and maintenance of a trans-Atlantic telephone cable system for service between Canada and the United Kingdom and between the United States and the United Kingdom, the execution of which contract by Canadian Overseas Telecommunication Corporation was approved on November 26, 1953, by order of the governor in council.

I am not quarrelling with the C.O.T.C. for making a contract of that kind. By the way, this new cable system is to be in operation this fall. I have in my hand the annual report of the Canadian Overseas Telecommunication Corporation for the year ending March 31, 1956, and on page 6 I find the following reference to transatlantic cables:

The installation of the trans-Atlantic telephone cable, in which the corporation is a joint owner with the British post office, American Telephone and Telegraph Company and Eastern Telephone and Telegraph Company, should be completed and its services in operation by the end of October next—some few weeks earlier than originally anticipated. We look forward to its inauguration with considerable enthusiasm as we believe it to be the most important overseas telecommunication development since the laying of the original telegraph cable over ninety years ago. Our share in this cable will provide for Canada services and facilities for which there has been a steadily increasing need during recent years. In addition to high quality telephone service, we shall offer picture transmissions—broadcast programs—customer-to-customer teleprinter services—leased telegraph circuits for the use of private customers and we shall also introduce a multiplicity of new telegraph circuits in sufficient numbers to meet adequately the needs of Canadian users for some years to come. We are confident that the services so being provided will take care of foreseeable public demands and that the users will be completely satisfied with the quality and quantity of service available to them.

The question we ask is why should the other company be prevented by means of a government licensing system from inaugurating a service of that kind.

The minister explained in the committee that this new transatlantic cable would provide six new circuits for Canada. He indicated that number would be adequate for Canadian needs. He went on to say that the C.O.T.C. now has 40 per cent of the Canadian cable business and he wants it to get more, and that is one reason that this licensing control over the private companies is being taken. The minister said he objected to any more facilities; that these six circuits are ample, and he objected to any more circuits of that kind. He claimed further that his department should have the power to decide whether there was or was not any duplication of services, and whether this private company should be able to establish service of the kind I have just mentioned.

He said also that the department wanted to control the routing of cables in Canada. I think that would be a pretty tough job, because a company could send its cables via the United States. For example, a firm in Vancouver might be forced to send its cables across the United States. The minister is trying to force business into the hands of

C.O.T.C. The Vancouver *Province* summed up the situation very neatly on July 21, just a few days ago, in the following editorial:

> Mr. Marler's Blackjack is Showing
>
> Despite the federal government's efforts to conceal its growing autocracy under a cloak of benign and democratic tolerance, the bulge of the government's blackjack can be glimpsed at unexpected moments.
>
> We had such a glimpse last week when suave and friendly transport minister Marler was explaining to a parliamentary committee that his legislation to control operation of overseas cable service in Canada is not aimed at pushing out the private companies and creating a monopoly for the government-owned operation.
>
> Why, said Mr. Marler, if we wanted to do that we could simply expropriate their property and close them out.
>
> This is quite true. But it might have been better if Mr. Marler's frankness had not been carried quite so far.
>
> Canadians have had a convincing demonstration this year of how a top-heavy majority in the House of Commons has encouraged the government to do all sorts of things, including forcing a Speaker to stay in office after he had resigned. Such shows of power can be frightening.

Furthermore, the C.O.T.C. has been not only a competitor but a judge in this whole matter. I should like to refer to page 6 of the brief submitted by Commercial Cable. In describing a meeting which took place in the offices of the Department of Transport in September, 1954, they say:

> At the meeting there were some 16 men, four delegates from the Department of Transport, four from the Commercial Cable Company, one, who acted as secretary, from the privy council as the application was necessarily addressed to the governor general in council. Among the others, it is interesting to note that there were three representatives from Canadian Overseas Telecommunications Corporation (C.O.T.C.), including its president, to whom nearly everything said was referred for his comment or approval. There was also a representative, a Lieutenant Colonel Read, from the B.P.O.—Cable and Wireless (of Great Britain). C.O.T.C. and Cable and Wireless are direct competitors of the Commercial Cable Company and they were sitting in judgment upon this application.

Then further down:

> Mr. Bowie, president of C.O.T.C., the crown corporation which is a competitor, undertook to look over the application and give the Department of Transport his opinion.

That sort of interference must be stopped if there is to be competition in this field.

Mr. Marler: Those are wholly unsupported statements, are they not?

Mr. Green: I do not believe these men are lying; there is no evidence to show that the men who drew up this brief are not telling the truth.

The Chairman: I am sorry to interrupt the hon. gentleman, but it is my duty to advise him that his time has expired.

Mr. Marler: Might the hon. member go on?

The Chairman: Has the hon. member unanimous consent?

Some hon. Members: Agreed.

Mr. Green: The C.O.T.C. is both competitor and judge. That is the key to the situation. That is a picture which should make hon. members pause and consider before allowing this bill to go on the statute books.

The minister argued in the committee that Commercial Cable was a United States concern and that he was all for Canadian companies. That was a somewhat surprising argument after the pipe-line debate; however, it was made. I merely point out that Commercial Cable is not obtaining any financial support from the government. It intends to build the cable with its own money. That was not the position in the pipe-line situation.

It was said also that this new cable proposed by the private company was to be subsidized in part by the United States defence department, which was to pay annually $1,600,000. I have no way of checking that, but I doubt very much whether American Telephone and Telegraph Company has not received the same or perhaps greater assistance in the way of fees from the United States department of defence. Certainly you have on the one side Commercial Cable and, on the other side, American Telephone and Telegraph Company. If the argument is to be based upon whether the company is a United States company then the department is not in any better position than the private company, because it is involved directly and very heavily with this other large United States corporation.

I suggest that the department take a second look at this whole policy. I see no reason why competitors should be hampered in this way. I think it is to the detriment of the Canadian people. The businessmen of Canada are entitled to the best service they can get. If companies put in too many circuits or more circuits than can be used now, no one is going to be hurt except those companies, and it certainly will not do any harm to Canadian businessmen. This policy adopted by the government seems to me to be far removed from what we have been led to believe was Liberal policy.

I hope the minister will not try to force this amendment through at the present time, but will take another look at it. Certainly the arguments against it are strong. It may be that as the result of a second look some policy can be worked out which will bring about a position where there is fair competition. Surely that is not going to do any harm to this crown company. There is no

reason why here in Canada we should be loading the dice for crown corporations. This is similar to the situation that would have been created if the government had taken licensing power over the railroads and then had said to the C.P.R., "You can run a railroad but you cannot have any diesel locomotives." That would be a similar situation, and for the life of me I cannot see any reason for a policy of that kind.

Mr. Nicholson: My colleagues and I who were on the committee went to that committee with an open mind. The hon. member for Comox-Alberni intimated that we would listen very carefully to the arguments put forward by Commercial Cable, Western Union and all the members of the committee. After weighing the evidence very carefully, we decided that on balance we would support the government position rather than the position outlined by the hon. member for Vancouver-Quadra.

Before the committee during our last sitting, the hon. member for York West said he wished to deal with one point because he knew he would be confronted with it by the time this bill got into the house and that someone would say, "You are going to see that a big United States company is favoured in connection with a Canadian enterprise. I think if this were a Canadian enterprise working as I know it can, there would be no problem such as we are faced with today; there would be no need to come into this room." But the members of this committee are in the position that a powerful United States corporation is challenging the right of the Canadian parliament to make regulations that will affect the operation of this company that was granted a charter some 72 years ago.

Counsel for Commercial Cable seriously claimed that because they were given these privileges as far back as 1884, they would be permitted now in 1956 to do exactly as they choose in this important field. They are questioning the right of the minister to interfere with their plans in any way. Since the people of Canada are interested in C.O.T.C., I do not believe we can be asked to put this very powerful United States corporation in a preferred position.

I think the minister did a very good job in committee. He listened very patiently for long periods when able counsel for Commercial Cable presented a brief and made some arguments which appeared fairly convincing. They took us back to the famous trans-Canada pipe line and reminded us that we were prepared to offer a subsidy to this corporation. As a matter of fact they claimed they were prepared to go into this deal without any subsidy from the Canadian taxpayer.

But the Minister of Transport drew our attention to something which did not appear in the brief. He reminded us that this company has a guarantee from the United States government of $1,600,000 per year for the next ten years, with an option to have that guarantee extended for a longer period. The minister quite correctly said, I think, that when one examines the situation with regard to cables, the word "subsidy" could be loosely applied to the proposed cable to a much greater degree than to any other project that has come before the parliament of Canada this session. The minister did not argue that this $1,600,000 was a subsidy, but counsel for Commercial Cable did not deny the fact that because this could be considered partially as a defence project, Uncle Sam's government was prepared to put into the exchequer of this company $1,600,000 per year for the next ten years.

That becomes a matter of concern to Canadian taxpayers because, as the hon. member for Vancouver-Quadra pointed out, we have a considerable investment in the Canadian Overseas Telecommunication Corporation, and the last annual report we have had shows a net profit for the period of $217,000. I think we should have a very good look at proposals which will turn that profit into a very large deficit, since the people of Great Britain and the people of Canada are interested in this corporation. It is true that there is a United States privately owned corporation interested, but the facts are that the two crown corporations, the British and the Canadian crown corporations, are interested in this field. To place Commercial Cable in a preferred position so that as a result of receiving $1,600,000 from Uncle Sam's treasury they can put—

An hon. Member: It is not a complete subsidy.

Mr. Nicholson: It is not a complete subsidy, but it is being made available for services—

Mr. Low: Why don't you say so?

Mr. Nicholson: I think the minister said it was not a subsidy but it was being made available because of the defence nature of this project, and it is going to put 120 duplex circuits into circulation. I think these figures were changed a little later; but the minister, as shown at page 171 of the evidence, points out that the proposal was to make 24 circuits available in Canada out of 120. At the present time to service both Canada and the United States there are 18½ duplex circuits available. It does not require much imagination

to realize what that will do to the C.O.T.C. if at the present time across the Atlantic—and even if this may be revised upward—we have 18½ circuits and then overnight we were to have an additional 24 available for Canadian purposes. It is going to place our own C.O.T.C. in an impossible position.

Mr. Green: May I ask the hon. member if he is not overlooking completely the fact that in the next two or three months the C.O.T.C. will have six of these brand new, modern circuits?

Mr. Nicholson: I am quite aware of that, but the Canadian taxpayers have already made an investment in this new service which is to be available this fall. C.O.T.C. is to have this very modern service which has been mentioned by the hon. member for Vancouver-Quadra. I cannot go along with his proposal that because C.O.T.C. is to have this service, we should consider that an 1884 charter should give this private company the right to do as they please in Canada for all time to come.

I found that I had some helpful advice from the late R. B. Bennett when a proposition in this general field was before parliament back in 1932. Right Hon. R. B. Bennett, as he was then, said as recorded at page 3035 of *Hansard* for May 18, 1932:

> Secondly, no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctable fault in private ownership; it is an inescapable and inherent demerit of that system. It does not seem right that in Canada the towns should be preferred to the countryside or the prosperous communities to those less fortunate.

I think if the late Mr. Bennett were describing the present situation he would consider that it is not fair to a sparsely populated area—

Mr. Green: May I ask the member a question on that point? Was Mr. Bennett not referring to radio services and not cable services?

Mr. Nicholson: Quite so, and I said "If he were." I had better finish my quotation:

> In fact, if no other course were possible, it might be fair to suggest that it should be the other way about. Happily, however, under this system, there is no need for discrimination; all may be served alike. Equality of service is assured by the plan which calls for a chain of high power stations throughout Canada . . .
>
> I believe that there is no government in Canada that does not regret today that it has parted with some of these natural resources for considerations wholly inadequate and on terms that do not reflect the principle under which the crown holds the natural resources in trust for all the people.

It is quite true that the late Mr. Bennett was discussing radio at that time, but we are discussing Bill No. 212 which does give to the appropriate authority answerable to parliament the right to decide what limitations will be necessary in this important field. The minister made it very clear that if Commercial Cable wanted to build a line for American purposes there would be no objection whatever to them being granted landing licences. There was some discussion with respect to whether appropriate authorities in Greenland and in the United Kingdom had been more unreasonable than we were in Canada, and again it was admitted that although negotiations had been under way for some considerable time the appropriate authority in Great Britain has not been willing to grant the request made by Commercial Cable. After some discussion it was also disclosed that the appropriate authorities in Greenland were certainly not more co-operative than the Canadian Minister of Transport.

Therefore, Mr. Chairman, I think we cannot deny the appropriate minister in Canada who is responsible to parliament, who must come to us year after year to get his estimates approved and to justify every act of his department, the right to decide whether a powerful United States corporation that is getting $1,600,000 a year from its government should be placed in a position where it can force the Canadian people to incur huge deficits in connection with the operation of Canadian Overseas Telecommunication Corporation, an organization in which we are interested along with the taxpayers of Great Britain and a United States owned private company. I see no reason why the minister should not be given the powers that he seeks under Bill No. 212.

Mr. Leboe: Mr. Chairman, I have a few remarks I should like to make in connection with the bill before us. First of all I should like to refer to the remarks of the hon. member for New Westminster, as found on page 5620 of *Hansard* of July 3, when he stated our position. In that connection he said:

> I feel that possibly its objective is to limit the field of communications to government-owned enterprises. We in this group cannot go along with what the hon. member for Comox-Alberni just suggested with respect to communications when he said that they should be handled by a public utility and therefore should come under public ownership.

Further on in his remarks he had this to say:

> We look forward to the government being in this public utility field only for the purpose of operating a cable where other private enterprises are not prepared to give service at a reasonable

rate. The minister is sending the bill to the standing committee on railways, canals and telegraph lines, and I am sure that there he and his officials will be able to explain more fully the purpose behind the bill and possibly allay our fears concerning it. I hope that is so because I cannot see this group being in harmony with the setting up of a monopoly that would not give us the full advantage of the technological advances I spoke of earlier.

That is the position we take with regard to the bill. Before I pass on to the other remarks I wish to make, I should like to refer briefly to the remarks of the speaker who has just taken his seat, the hon. member for Mackenzie. He suggested that his group approached the problem with an open mind. I think that is true of anyone who takes part in the work of a committee on behalf of the people of Canada. I do not think anybody has any monopoly on approaching any problem with an open mind.

The hon. member also placed great stress on the fact that this was a United States company and that $1,600,000 of government business had been allocated to it under contract. The hon. member suggested in his speech, I would say in an evasive way, that this was a subsidy or a grant or something that this company could use to give it an advantage over the Canadian Overseas Telecommunication Corporation, but I do not think that is so because as far as business all over this country is concerned, and it does not matter what business it is, businessmen seek to get contracts well ahead of production. It does not matter what it is. I think it is only good business. Business people carry on that practice throughout the world in all types of manufacturing and other endeavours.

With respect to the fact that these are United States interests, I should like to point out that if we are going to start that type of thinking we must remember that foreign investment in the Canadian Pacific Railway amounts to 88 per cent, with only 12 per cent of the total investment being from Canada. Then there is the Aluminum Company. According to the last figures I saw that company is owned outside of Canada to the extent of 75 per cent. One could name hundreds and hundreds of large corporations in Canada that are controlled to a great extent financially though not physically by outside monetary sources. I do not think we need to worry too much about that in this regard. It is just one more situation which is normal. I cannot see anything abnormal about it.

I think that anyone who may read the hon. member's speech must come to the conclusion, as we in this group have, that the reason for the bill is to protect a government crown corporation from competition. Anyone reading the hon. member's speech will realize that is the essence of it; that he is afraid competition will enter into the field of telecommunications and, having done so, will bring about a deficit so far as the operations of Canadian Overseas Telecommunication Corporation are concerned.

Mr. Nicholson: If I might say so, I think $1,600,000 per year for ten years would be considered as unfair competition to Canadian public investment.

Mr. Leboe: That all depends on what profit is made in giving that service. They may lose money on the service. No question was asked and no answer was given in the committee or elsewhere as to what the possibilities are in connection with that service. This company has contracted to give that service and it may cost them more. We do not know. That is hypothetical as far as I am concerned.

Mr. Nicholson: If C.O.T.C. had that sort of guarantee they would be in a very favourable position.

Mr. Leboe: I do not think there is any reason why they cannot have a guarantee under competition. I do not think that has any effect on this thing at all. I do not want to get into any controversy as far as any cable corporations are concerned. This matter must be dealt with on the basis of principle, and in that connection I should like to refer to certain statements made by the minister as found at page 5614 of *Hansard* of July 3. At that time the minister said:

The fact that there has been no change in the formalities to be followed is, I believe, explained by the way in which improvements in the general field of communications have developed.

As I progress with the few remarks I wish to make I wish to point out that this seems to be the whole case the minister is putting forward, namely that there is a great deal of development in telecommunications from Canada and perhaps the United States across salt water. But as I pointed out in committee, we have thousands of openings that cross into foreign lands on dry land, and it is extremely difficult for me to see the difference between telecommunications that travel over salt water and those that travel over land, as long as they are going to a foreign country. I do not think there is any real meat in the statement of the minister in that regard.

I should like to read again what he said in his statement. It will be found at page 5615 of *Hansard* of July 3. As reported there he said:

I regret that it has seemed necessary to deal with these somewhat technical matters which, at first sight, seem perhaps not to be entirely relevant to the bill in order to stress one point in particular, and that is through improvements, installed in the cable itself or elsewhere, the capacity of most if

not all of the trans-Atlantic cables has been increased over that which they originally had when the formalities prescribed by the Telegraphs Act were accomplished and when the requested approval of the governor in council was given.

Here again we see that the minister has gone out of his way to stress the volume of traffic that is now provided for through technological advances in the cables that exist today. Further on in his speech as reported on the same page we find this:

However, I must admit some concern that as the act now stands, once the requested permission to land the cable has been granted its capacity may be changed, perhaps quite substantially, without either the knowledge or consent of the government.

Here again we find that the same thought is in his mind, namely that here is a great increase in the telecommunication facilities. I fail to see where an increase in facilities is going to hurt anyone. After all, that is what is wanted by an individual such as myself who comes from the northern areas, where we have been stifled in our growth by lack of communications all through the years. My feelings can be imagined when I see a situation where, in principle, we are now trying to block additional facilities in order to protect a crown corporation.

I should like to make this statement. As far as I am concerned I do not believe that any crown corporation should be protected from competition by legislation of any parliament or any legislature. I believe they should be out in the field of open competition.

Mr. Ellis: Does that apply to post offices?

An hon. Member: Don't be silly.

Mr. Leboe: I guess you have your freedom; that is, you can put a five-cent stamp on a letter at any time and you can send it anywhere you want.

Here again, as reported at page 5616 of *Hansard,* the minister said:

In fact, however, the matter cannot be resolved in such a simple way; first, because the problem does not always arise in a way that admits of a yes or no solution; and, second, because under the present act there is no continuing control or regulation of the actions of a company with regard to the cable itself.

When the minister speaks, I should like him to enlarge upon that statement and tell us what he means when he says he wants control of the cable itself, and what he is referring to in that statement. It seems to me that once the cable is laid its only purpose is for telecommunications, and that the feeder lines that go into it have an influence on its work as have the feeder lines that lead out of it at the other end. On the same page 5156 of *Hansard* the minister is reported as follows:

I feel sure the various companies operating cable facilities share this view and that so far as this is not now being done they will co-operate in helping us to achieve this objective; but I think I should point out that the proposed licensing system would enable us to exercise some measure of control over the routing of traffic originating in Canada.

In that connection, when the minister speaks I should like him to enlarge upon that statement as to how the cable companies today are not co-operating in the regulation of traffic within the boundaries of Canada. I understand that all the feeder lines in Canada are those of Canadian Pacific Telegraphs and the Canadian National Telegraphs. If there is some rerouting that is taking place through the United States, it must be done by them. I think I have the minister's answer. It is to be found at page 193 of the minutes and proceedings of the standing committee on railways, canals and telegraph lines, No. 4. I spoke at this point as follows:

Mr. Leboe: There is a question in my mind that with the teletype service which we have, between Canada and the United States, as I understand it, it is an unregulated teletype service between Canada and the United States at this moment.

Hon. Mr. Marler: That is not affected by this bill.

Mr. Leboe: Supposing the cable is landed into the shores of the U.S., there is nothing to prevent the teletype relaying that message from a United States centre and travelling on the United States lines?

Hon. Mr. Marler: No, I think there is not, as a matter of a fact. Of course, if the situation became confused it would be possible to enact the legislation to cover it.

Mr. Leboe: In other words, to prevent the teletype transmissions?

Hon. Mr. Marler: Yes, if that was thought desirable. I am not suggesting that I do think it is desirable. When we are talking about a hypothetical situation, I do not like to predict hypothetical actions.

I want to point out, Mr. Chairman, that what the minister had in mind is expressed in the speech from which I quoted a few moments ago, namely effective control. While he suggested that this was a hypothetical situation and something that would possibly not be anticipated, nevertheless I say that according to the evidence it is my belief that the minister anticipated such a thing and that he does anticipate a measure of control that is going to direct telecommunications traffic within Canada by law. Maybe the minister says that is not so. But as the minister pointed out, things that are said in committee—promises made or anything else—have no effect in point of law or in the interpretation of the act and its regulations.

In closing I should just like to refer back to the $1,600,000 of guaranteed business that was made so much of in this debate by the hon. member for Mackenzie. I should like to emphasize the point that business today

operates continually on the basis of production contracts. The Minister of Defence Production, in bringing down his estimates the other day, pointed out all the things that were being done to bring about a situation where the confidence of the producer was brought in hand by assistance by his department.

Mr. Hosking: I should like to speak on this bill for just a moment or two, Mr. Chairman. First I should like to ask the committee what are the reasons for this bill. There must be some reason which the government have in mind in introducing an amendment to change the legislation so they would have some means of knowing what was taking place with regard to communication cables laid to another continent.

In 1884 we find that the Commercial Cable Company applied to this parliament for a permit to lay a cable from here to England. That permit was granted. At that time they felt it wise to have certain powers, and one of them was the control of the price of the services rendered by these cables. The price was set at 25 cents per word. Let us look at the price paid for service over this cable today. The price is 15 cents per word. We have been paying some 5 or 6 cents less per word than the cost of sending a word from the United States on the same cable. I should like to suggest to the committee that one of the main reasons for Canadians getting that advantage of 5 or 6 cents per word is that we formed the Canadian Overseas Telecommunication Corporation back in 1949 and because of the control the Canadian government had over sending messages, by means of competition, thus keeping the price to Canadian users at 5 or 6 cents per word less than people in the United States pay.

In my opinion this is a good thing. However, so far as the powers of the government to control are concerned in relation to the agreement made in 1884, they are of very little value. The price which was set at that time, 25 cents per word, is now unrealistic. How did that come about? Well, I think it would be wise to look through the brief and the minutes of the committee to find some of the reasons. In 1884 this company asked for permission to lay cables, and in that year laid two cables. In 1894 they laid another one; another in 1904; a fifth in 1905 and a sixth in 1923. Then we were told in the committee that one of these cables went out of commission, so at the present time they have only five cables.

We are informed that these five cables have some 9½ duplex channels. I think at this time it would be well for me to say what a duplex channel is. It is a circuit which provides for the transmission of two messages simultaneously, one in each direction. Now, how do they get 9½ duplex circuits available in five cables? In the past 10 or 11 years there has been a great deal of experimental work done with communications. It has been found that by putting undersea repeaters on these cables they could double the capacity of the cables; by putting on tandem repeaters they could square the capacity. There is no doubt that with further experimentation the time will come when they can cube the number of messages on a single cable.

Has our government any knowledge of the increased capacity that has taken place in these cables that this company was given permission to lay years ago? That they have no knowledge of what these increases are, and they have no way of finding out other than through the willingness of the company to give them that information. I would point out the embarrassing position in which our minister found himself, as shown by the committee evidence at page 206 when, after having made a statement to the committee from his official record of the number of circuits, the companies communicated with him during the night and informed him that they had many more circuits than he had put on the record. He had to come back to the committee and say:

> I would like to express my regrets to the committee for having misled them about the number of duplex channels. Mr. Henderson is quite right when he says the number is not 18½—

He was referring to these 18½ channels as the total number of channels, according to the record, from Canada to the continent.

Mr. Nicholson: That is both the United States and Canada.

Mr. Hosking: It is the total number of channels landed in Canada connecting this continent with Great Britain.

> —but I would like to perhaps endeavour to excuse myself by saying, that at the time that figure got into the file that was our information. But information more recently was supplied from Western Union substantiating what Mr. Henderson has said in respect to the total number being 68 simplex circuits or 34 channels.

Here we find our minister with the only source of information at his command being well out of date because of these additions to these cables which have doubled or trebled the number of channels. I think that is a very bad position for the Canadian government to be in. I feel that if we give permission to these cable companies to land cables in our country we ought to have the right, by right and not by favour, to know just how many channels they contain. It seems to me like a reasonable position.

What caused this bill to be brought here? I think it was the application of Commercial Cable for 24 outlets in a new coaxial cable which they proposed to lay from Canada to Greenland, to Iceland and to Great Britain. This cable, being a coaxial cable, will have 120 circuits. It was rather interesting to hear from Mr. Henderson, the company's witness, some information concerning this cable. I would refer this committee to what he said at page 204 of the evidence.

Mr. Green: On which day?

Mr. Hosking: Minutes and proceedings of evidence No. 4. He had this to say:

There has been a lot said with respect to the lease which we have from the government—

He is again referring to the United States government.

—if this cable is landed which provides for an annual rental of $1,600,000 per annum. I might add that that lease is not going to go on forever. All government—

He is again referring to the United States government.

—leases can be terminated. The annual operating expenses of this cable will be in the neighbourhood of $2·5 million which is far in excess of the $1,600,000 from the government.

He is again referring to the United States government. So we see the United States government is going to enter into a contract for 10 years at $1,600,000 per year to partly cover the operating costs of $2,500,000.

Let us look at the use of his cable. I think that is shown on page 209 of the same minutes of evidence. I come back to this question of cable again, and I should like to remind the committee that there are 120 circuits, and that they have requested that 24 be given to Canada. I think I should say at this time that it is the opinion of the minister that if we give this cable company the right to make one outlet from this cable available in Canada, the company then has the right to as many outlets as they wish. Under the existing law they could put the whole 120 in Canada if they wished to do that. The thing we see as unfair competition is that the United States government is paying $1,500,000 a year towards the operating costs of the cable—

Mr. Nicholson: $1,600,000.

Mr. Hosking:—$1,600,000, toward its operating cost. Let us see how they have dispersed the circuits of this cable. As I read a moment ago, Mr. Henderson's answer was:

I say we have a need for 86 channels.

Mr. Hosking: And if there are 24 of these channels available for Canada you would have only 10 spare channels to take care of any growth which might take place in the United States.

He had told us previously that the United States government was going to take so many of them and they had a certain number of channels already sold, and that would have left 10 channels available for growth. Mr. Henderson replied:

That is right.

Mr. Hosking: And you are saying to us that in the light of that situation it would be uneconomic to start to build this cable if you do not have any more outlets in Canada?

Mr. Henderson: We would not want to operate the cable unless we had more outlets in Canada.

Mr. Herridge: Is your loan predicated on your obtaining the Canadian business?

Mr. Henderson: No.

This tells me that the cable company can build this cable without any outlets in Canada at all; it does not require them. The loaning people are willing to loan the money to them to build this cable without having any outlets in Canada. The United States government is willing to finance this cable to the extent of $1,600,000 per year for ten years against an operating cost of $2,500,000, so the cable can be built whether or not we give them permission to have any outlets in Canada. We are not restricting in any way the operations of this company. This bill merely asks that we be permitted to say how many outlets come into Canada, and I can see no objection to it.

I would like in closing to make one more point. It was very interesting to hear Mr. Henderson tell us just what this company was willing to give to the country of Denmark for rights to land on Greenland. They were willing to give to the Danish government complete ownership of all the cable in Greenland's territorial waters and of all establishments on Greenland's soil. Surely we should be entitled to the same kind of rights in Canada. In fact, the bill being presented here does not ask for anything like the agreement this company was willing to give voluntarily to Greenland.

I point out to the committee that the government should have the right to know how many circuits there are between Canada and the continent of Europe. It should have the right to know of any change in the number of circuits that may develop due to engineering research. The government should also have the right to say how many outlets come into Canada from any of these cables.

I can see nothing wrong with this bill, and I would ask the committee to seriously consider if we should restrict our government in view of the fact that this company is willing to say to the government of Denmark, "We will give you all the cable in your territorial waters and complete ownership of everything we have in Greenland."

All we are asking for is the right to know about circuits and to license the outlets that come into Canada.

Mr. Nesbitt: Mr. Chairman, the whole problem presented by this bill is very complicated, as I think the minister and all hon. members who sat on this committee would agree. We heard a great deal of evidence in the committee dealing with a highly technical subject which naturally for the layman was difficult to follow; but having had the opportunity to read over the evidence which was given before the committee and having had some time in which to consider it, I find there are certain points that make themselves evident.

There is a fear in the minds of at least some hon. members of the opposition parties that despite what the minister said concerning monopoly, such a situation will develop. I believe the minister referred to this four times. At page 202 of No. 4 of the minutes and proceedings of the committee the minister used words to the effect that the government had no intention whatever of setting up any kind of monopoly, either directly or indirectly. While the minister may have said that, and no one would question his integrity, there no doubt will be other ministers of transport after the present one, and they may have a different view; and the cabinet may, of course, change its opinion in this respect from time to time.

It is the fear of certain hon. members of the opposition that the powers under this act would enable the government, if it desired to do so, to set up a monopoly for the Canadian Overseas Telecommunication Corporation, which many of us would not like to see happen. We have seen government monopolies in the C.B.C., Trans-Canada Air Lines and in other fields. Although I know some hon. members feel these are perfectly all right there are a great many people, and I would be almost inclined to say a majority of the people in this country, who do not favour government monopolies of this type. It is exactly because of this fear that another government monopoly may be set up or may be experiencing birth at the present time that we raise objection to this particular piece of legislation.

The situation at the present time seems to be somewhat as follows. The present cable companies such as the Commercial Cable corporation and Western Union may replace existing outlets—

Mr. Marler: Existing cables.

Mr. Nesbitt: —may replace existing cables. Thank you, Mr. Minister. I understand they may not put down any new ones. The minister has just said that they may replace existing cables, and I know that in the committee we had a great deal of discussion about just what the word "outlet" means. As I understand the position at the present time it is that these companies may replace existing cables but they may not replace these cables with a new kind of cable. As the hon. member for Vancouver-Quadra pointed out in his remarks, I think it is very much the same as allowing the railways to replace wood-burning locomotives with diesels, because the new coaxial cables will apparently carry a great many more messages than the old type of cable that was laid down 50 or 75 years ago, when these cables were originally put down.

While the minister has just said that the government has no desire to regulate the additional number of outlets, I would like the minister to think over that statement because I am not certain that is exactly what he meant.

One objection to the minister's remarks that he heard throughout the committee proceedings was that the minister had indicated he was worried over the fact that the Commercial Cable corporation would have 24 additional outlets if these coaxial cables were laid down, and the minister felt this might endanger competition with the C.O.T.C. and even with Western Union.

Those hon. members of this house who were on the committee will recall that the witness for the Commercial Cable corporation pointed out that the reason they were making these additional outlets available for Canadian business was because they felt from their experience and as a result of investigations that the cable business in Canada would warrant these additional outlets within the next few years because Canada is a large and expanding country. We have certainly heard from hon. members in this house and particularly those on the government side about what a large and expanding economy we have, that things are fine and business is good. One witness for Commercial Cable pointed out that Canada had become a great commercial nation, and that to meet the needs of this modern and speedy world it was necessary to get in bids in order to purchase goods abroad in a hurry, and that service was demanded to meet these needs. Reference was made to many new types of service, the names of which I cannot recall, but I do remember reference to teletype and that sort of thing. For this reason it was felt that additional outlets would be necessary in the immediate future to carry on Canadian business.

The minister seemed to be concerned during the debate as to the effect of these outlets, and contended that they were not necessary at the present time. He seemed to be worried about the effect these additional outlets would have on the cable business. I was curious about that and asked him to explain, and I should like to quote from page 189 of the proceedings of the standing committee on railways, canals and telegraph lines. I asked the minister if the government had the power to control the rates on telecommunications, and the minister replied, as reported on page 189 of the proceedings, as follows:

> There are some provisions in the Telegraphs Act, but I am told there was a question as to whether they are effective inasmuch as they do not seem in their terms to extend beyond the territorial limits of Canada. There is also a provision in the Railway Act which would give jurisdiction to the board of transport commissioners over cable rates. My understanding is that that section of the act has not been proclaimed.

The minister has expressed doubt as to whether the government has authority to regulate rates for telecommunications at the present time, but I would think from the minister's statement that there would be no doubt that the government has authority. Last evening we heard something about jurisdiction over territorial waters. A cable must touch the mainland of Canada and to do so must come through Canadian territorial waters. In order to touch down at a mythical point, as we used to say in geometry, it would have to pass through at least three miles of Canadian territorial waters. Therefore the government would certainly have the power to legislate as to rates to be charged.

Then the minister said that the provision in the Railway Act which gave the board of transport commissioners power to regulate rates had not been proclaimed. I asked the minister whether it was intended to proclaim that section of the act, and he replied that they were quite satisfied that competition was keeping rates down at the present time.

Speaking of competition, the minister seemed to be concerned over the fact that Commercial Cable would receive an annual rental fee of $1,600,000 from the United States government, apparently for the carrying of defence messages or something of that nature. The minister felt that this would act as an indirect form of subsidy to that cable company which would put Commercial Cable in a better position than either C.O.T.C. or possibly Western Union. That seemed a little incomprehensible to me so I asked the minister certain questions about it, and I quote again from page 189 of the proceedings:

> Mr. Nesbitt: I would say in that connection, since you are in doubt as to whether any existing regulation would regulate rates by either the board of transport commissioners or anybody else, that there is a possibility; and one of the things which worries the government would be that because of the form of the subsidy to the Commercial Cable Company, that they might be able to engage in a rate war or something like that.
>
> Hon. Mr. Marler: Perhaps I should put it to you this way—that while the rates may be uniform the amount which might be spent to attract business might be greater in one case than another.
>
> Mr. Nesbitt: I see, you mean for advertising?
>
> Hon. Mr. Marler: Yes, or the amount paid under the traffic agreements might be greater in one case than in another. I am not suggesting that the company would do these things, but there is the possibility which I think should be considered at the same time that one talks about rates.

I think that shows quite clearly that this indirect form of subsidy to the Commercial Cable Company would not put them in a better position to operate in Canada, in other words to give unfair competition to C.O.T.C. or to Western Union or whoever may be their successors. I am afraid I cannot quite follow that line of reasoning, because cable messages are handled in this country by either Canadian National or Canadian Pacific telegraphs. If a message is sent by Canadian National I understand it is transmitted by Western Union; if it is picked up by Canadian Pacific it is sent either by Commercial Cable or Canadian Overseas Telecommunication Corporation. When the average person goes to send an overseas cable he goes to the telegraph office with which he is accustomed to deal. If he usually deals with the C.N. he goes to the C.N.; if he usually deals with the C.P., he goes there. The average person in this country does not know how his message is transmitted overseas. I doubt very much if hon. members of this committee, with the exception of those who happened to be on the standing committee, know that Commercial Cable Company carry Canadian Pacific messages and Western Union carry Canadian National messages.

To say that advertising done by Commercial Cable Company in Canada is going to encourage people to go to the C.P. office and say, "I want my message sent by Commercial Cable," or to go to the C.N. office and say, "I do not want to deal with the Canadian National because I want my messages to go by Commercial Cable," is rather hard to believe when the rates are the same. It does not make any sense. Sending a cable is somewhat like making a telephone call; provided the rates are the same you send it from the most convenient place.

If there is any fear in the mind of the minister that rates would not be kept the same by competition because of this indirect subsidy, control over rates could be exercised by the means mentioned by the minister. If it were thought that the amounts paid

under traffic agreements were greater in one case than in the other; if either of these companies started to do that; if Commercial Cable started to do that, I submit that the board of transport commissioners could easily be given the power to control cable rates. Freight rates are controlled and nobody objects or considers it improper. If similar action appeared to be necessary in connection with telecommunications rates, similar action could be taken. We have never had evidence in the past that such action was necessary.

Changing the subject slightly, I should like to suggest that the purpose of these regulations is simply to protect the Canadian Overseas Telecommunications Corporation. One does not like to make statements when they are based on meagre evidence, but I have made inquiries at various telegraph offices and the information I have received is that at the present time—I am not saying that the service may not be improved in the future—the service provided by C.O.T.C. is not quite as good as that provided by Commercial Cable.

I asked what they meant by that. They said, "The message is sent and we have to follow it up" or "It has gone to the wrong address." "If we are dealing with Commercial Cable corporation we have no difficulty in following up the matter, but if we are dealing with C.O.T.C. it is difficult to trace the messages, and the service generally does not seem as good." This is a matter that can easily be corrected. It may be only a temporary thing. It may only have been the experience of the particular people I have asked about this, but it is indicative and it is something that is worth considering.

Because of the fact that the government apparently does not intend to allow these other companies to have additional outlets, I feel that this cannot but protect the C.O.T.C. Even if it is not a government monopoly at the moment, I cannot see how anything but this can result. If a company which has cables that have been laid 50 or 60 years ago, as the case may be, is going to replace these cables and it can only replace them with the same kind of cable, it is not very economical to do so. I think the old example of the replacement of the wood-burning engine with the diesel applies. I do not think it is reasonable for the government to expect that any commercial cable company would replace an old, antiquated type of cable with the same type. No doubt the cable company would simply say, "If we are to replace our 1883 cable with the same type of cable, when science has advanced so much since 1883, we are simply not going to do it." If these companies cannot put down modern cables when the time comes to replace them, I doubt very much if they would do anything else. Eventually a government monopoly would be set up.

There are one or two other matters which I would like to touch upon briefly. As indicted at page 202 of the report of the committee's proceedings the minister stated very clearly and without reservations that the government had no intention of setting up a monopoly. I was glad to hear that. However, as recorded at page 143 of the same report, I asked Mr. Corlett, who was the counsel for the Commercial Cable Company, the following question:

> Mr. Nesbitt: You fear possibly that the regulations set out in section 42 might even go to the extent that they would favour one company as against another because the conditions under which different companies operate are naturally different?
>
> Mr. Corlett: In answer to that question that could be the result because the language of the classes prescribing the duration, terms and conditions of licences and the fees for the issue thereof could be construed by the department in that way.
>
> Mr. Nesbitt: They might very well be so drawn up as to favour the C.O.T.C. as against any other company, and in fact become a discriminatory type of regulations?
>
> Mr. Corlett: I would say, theoretically, that is quite possible.

The minister made a reply to that, as recorded on page 180 of the proceedings. It reads as follows:

> Now, somebody seemed to think this morning that it would be possible that we might introduce discriminatory regulations. All I can say is: I do not think that in the whole of the history of Canada there has ever been a government which has so abused the power to make regulations as in fact to discriminate against one corporation in favour of some other corporation. I think it is perfectly clear that, if any such action were taken by any government, it would not long command the respect and support of the majority of the members of the House of Commons. I say that, regardless of which party may be in power. I fully realize that in theory one may adopt what would appear to be discriminatory provisions in the regulations but I cannot believe that the present government, or any future government, is going to adopt that action under this legislation.

That sounds very well, but when one considers that statement by the minister, while it is not exactly the same situation, one cannot help thinking of the C.B.C. and possibly certain other crown companies. Possibly Trans-Canada Air Lines has a somewhat preferred position over certain other air lines. Those are not exactly analogous, but they are close enough to bring the thought to one's mind. It may not be the intention, and since the minister has said so I am quite willing to accept his word that it is not the intention to do so at the present time. One cannot help feeling that in the future, once the pattern is set for legislation of this kind, the opportunity is there for somebody else to

do it in the future, and the present government certainly has the idea in mind of indulging in, we should say, the luxury of crown corporations. We have seen plenty of evidence of that, and I think that is one reason a number of the members of this house, including myself, are worried and suspicious about this legislation.

Finally, the hon. member for Wellington South in his remarks, which were in many ways enlightening and interesting, said he thought the reason for this legislation was that the government had the right to know how many cable outlets there were in and out of Canada. No one would quarrel with the hon. member in that statement. Of course the government has the right to know that, and I do not think anybody would disagree with him about that, but is that the whole intention of this?

Mr. Hosking: May I ask the hon. member a question? Have they that information now?

Mr. Nesbitt: They have—

Mr. Hosking: Perhaps they could give it to us, but we do not have it.

Mr. Nesbitt: Nobody would have any objection to the government having the right to know how many cables come in and go out of Canada. It is something the government should know, and some future regulations might be necessary, but it is the question of the restrictions and laying down the terms and conditions that are the cause for worry. As shown on page 142 of these proceedings, I asked the minister in the committee whether the department would have the authority to refuse a licence if the terms and conditions as laid down in the regulations were fulfilled. I quote from page 142 as follows:

> Mr. Nesbitt: What we would like to know is this: do the Department of Justice officials feel under these provisions here that there is the absolute right of refusal notwithstanding compliance with the mechanical form of the application?
>
> Hon. Mr. Marler: An application of what kind?
>
> Mr. Nesbitt: For this type of licence?
>
> Hon. Mr. Marler: We shall try to answer that question.

I do not think we have had an answer to that as yet. Perhaps when the minister makes his statement he might be able to inform us what opinions the Department of Justice officials have eventually arrived at.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Nesbitt: Mr. Chairman, to finish the remarks I was making before we adjourned for the noon recess, I should like to close with a thought I have already mentioned several times, namely that the minister seemed greatly concerned and, in fact, his chief reason for refusing permission to the Commercial Cable corporation to land its proposed coaxial cable was the fact that the company was to receive an annual guaranteed rental of $1,600,000 a year for 10 years from the United States government. As I have already mentioned, the reason was given that this was in effect a form of subsidy which would give the Commercial Cable corporation a possible advantage over Canadian Overseas Telecommunication Corporation and even Western Union. I think I have touched on the various reasons why I do not agree with the minister that this is correct, but there is one more point I should like to make in this respect before I take my seat.

It was suggested in the committee that the minister would certainly be able to call into being the section of the Railway Act which would enable the government to control rates for overseas cables. I have not the quotation in front of me and if I am wrong I am quite sure the minister will correct me, but at that time the minister implied that he thought competition was a better way than regulation to deal with the rates.

I mentioned earlier in my remarks that I do not think that necessarily follows, because Canadian railway rates are regulated and no one has any complaint about that. But even in the event that the board of transport commissioners do not want to take the power to regulate overseas telecommunication rates I think that the Commercial Cable corporation is in no better position than C.O.T.C., let us say, because of the $1,600,000 a year for 10 years by way of guaranteed rent that they are to get from the United States government.

The answer is this. Canadian Overseas Telecommunication Corporation undoubtedly and unquestionably has government loans or funds at its disposal if necessary. Last year C.O.T.C. received a loan of $6 million. As the minister pointed out at page 198 of the report of the proceedings of the committee, C.O.T.C. paid interest on the loan. That is quite true. We would expect they would. But if C.O.T.C. were faced in the future with a rate war or needed money for capital expansion or anything else, I have very little doubt that they would get any loan they required to carry on business and meet any competition.

As I pointed out to the minister in the committee, knowing that it is very doubtful if any private company in its right mind

would attempt to start a rate war with the financial power of the Canadian government behind C.O.T.C. It was mentioned in the committee that we would not want to subsidize C.O.T.C. in order that it could give cheaper rates. I do not think that will ever be necessary. No private company, no matter how big it may be, is as big as the government. Commercial Cable or Western Union or Western Union's successor would never attempt any kind of rate war with C.O.T.C., because the boards of directors of those companies know perfectly well what would happen and would never set out on such a course. I think it is ridiculous to suggest that they would. I bring that last thought to mind in answer to the minister's objection to granting a landing licence for the proposed new cable of Commercial Cable corporation.

To sum up, in the first place the fact is that C.O.T.C. could, if necessary, get whatever loans it required. Second, the board of transport commissioners could regulate the rates if there were any question of a rate war. Third, even with the advantage that the minister suggests Commercial Cable would have because of this form of subsidy from the United States government, I do not see how that could be used to channel all the business into the new line of communication that Commercial Cable proposes, because in sending cablegrams advertising would have very little effect for the reasons I pointed out earlier. For the reasons I and my colleagues have set out we cannot agree to this legislation.

Mr. McIvor: Mr. Chairman, I shall be brief. I was a member of the standing committee and I think it is one of the best committees of the house. I admired the way in which the hon. member for Vancouver-Burrard—

Mr. Green: No.

Mr. McIvor: Well, some place in Vancouver—presented his case. He did it intelligently, but he did not take as much time as he has taken today. If we want legislation of this kind to go before the committee, then surely the committee has some weight. We passed the bill when it was before the committee. Of course I admit there were enough intelligent members of the house on the committee to pass the bill. I do not think we should take any more time with the bill, because I am one of those who were members of the committee and I have not changed my mind and I doubt if anybody else on the committee has.

Mr. Howe (Wellington-Huron): Mr. Chairman, I too was a member of that committee, but my mind is in the same state as that of

[Mr. Nesbitt.]

the hon. member for Vancouver-Quadra. I should like to say a few words on this simple little bill amending the Telegraphs Act which apparently involves a controversial subject. I should like to read the new section 41 set out in clause 1 of the bill. It is in these words:

> 41. No person shall in Canada
> (a) operate an external submarine cable; or
> (b) construct, alter, maintain or operate any works or facilities for the purpose of operating an external submarine cable
> except under and in accordance with a licence issued under this part.

No doubt there are not too many in the house who have too much intimate knowledge about the matter of submarine cables. However, many of us have read accounts of the hazards encountered by those early adventurers who laid the first submarine cables across the vast expanses of the Atlantic and Pacific oceans. The first of these cables was laid between England and France in 1850, and after several attempts were made the first submarine cable was laid across the Atlantic in 1856. By 1928 there were 21 submarine cables spanning the Atlantic ocean.

We might think that with the advent of radio and radio communication around the world, submarine cables would have become obsolete. However, with the increase in international trade and the development of diplomatic services throughout the world there is an indication of a necessity for more submarine cables.

There have been a great many changes made in the types of cable used since the first cable was laid and also in the techniques that can be used to increase the efficiency and capacity of the cables already laid. The latest type seems to be the coaxial cable, which will take not only cable messages but telephone voice conversations, television pictures and so forth. However, although there are 21 or more of the older types of cables across the Atlantic, there are only a limited number of companies that will be affected by the new amending bill, No. 212.

All these companies have been operating for many years under special charters given to them by this parliament under the provisions of the Telegraphs Act, which was brought into force in 1875. Therefore in the first place it is rather hard to understand why the bill is necessary, when the companies have had to comply with all the terms of their own charters as well as with the terms of the Telegraphs Act, one provision of which reads as follows:

> 22. The company shall not exercise any of the powers by this part conferred until
> (a) the company has submitted to the governor in council, a plan and survey of the proposed

site and location of such telegraph and its approaches at the shore, and of its stations, offices and accommodations on land and of all the intended works thereto appertaining, . . .

Let us look into the history of one of these companies that will be affected by this bill. Probably the one with the most business is the one owned by the government themselves, namely C.O.T.C. This was a government company that was formed as a crown corporation by act of this government in 1949, which brought about the amalgamation of two companies, one called the Marconi Company and the other Cable and Wireless Limited. I should like to say that the move that was made at that time to nationalize commonwealth telecommunication services resulted in control of the cable system to the extent of some 80 per cent by the British government—this was brought out in the evidence in 1949—a fact which would certainly strengthen the position of the crown corporation; and it is understood that at the present time they control 40 per cent of the Canadian business.

In 1953 this crown corporation began plans which will be finished in 1956 for the laying of one of the most modern and most efficient types of coaxial cables across the Atlantic. No doubt this will increase and speed up the service they are able to give, and will give them a decided advantage over other companies in the business.

Enough for the government crown corporation. Let us look for a moment at one of the private companies affected, namely Commercial Cable company. This is a company which has been in business for many years in Canada, since they were given a charter in 1884 by the government. No doubt they did much of the spade work in making available to all the people and corporations in Canada the advantage of overseas telecommunciation services. Their cables were laid, one in 1884, one in 1894, one in 1900, one in 1905 and the latest in 1943. I might say that this company is manned and managed in Canada entirely by Canadians.

Back about 1950 the Commercial Cable company, having great faith in the possibilities of Canada as the fastest growing nation in the world, realized it needed new cables of the improved coaxial type in order to take care of the increased demands upon its services. In 1953 they reported their intentions to the Canadian government. But according to section 22 of the Telegraphs Act which I just read they had to submit all their plans and specifications to the governor in council for his approval.

This they did in September, 1954, after extensive delays caused by extensive surveys, change of the route requested by the government, financing and other matters, in a well prepared and complete application covering practically every detail. They were to have 24 outlets in Canada available as needed over the years to come. All such new business as was obtained would be at rates controlled by the transport department of the government of Canada. A meeting was arranged at which the cable company would present their case. They were told by the chairman, even before the application was considered, that they could not do what they wanted to do. At this meeting the advice of the president of C.O.T.C., the crown corporation which is in competition, was asked. Nothing further was decided at this meeting.

After six months of argument, permission was given to land on the coast of Canada and to pass through, but the Commercial Cable company was denied outlets in Canada except those requested by the crown corporation or those that were necessary for defence. This was a company that was willing to risk its own capital and which would leave hundreds of thousands of dollars in Canada annually. Some reference was made in the committee to the point that this was a wholly controlled United States company. I wonder why the Minister of Trade and Commerce does not rise in their defence. This is a United States company willing to provide service in Canada for Canadians at no cost to Canadian taxpayers, with no request for any loans or assistance from the Canadian government. Yet its application is being denied because the minister believes it will create unnecessary duplication of telegraph facilities. In this connection I should like to quote from a recent letter in the *Globe and Mail* which reads as follows:

This is the situation:

A new cable is being laid now—it will be ready in a matter of months—by the British government and American Telegraph and Telephone, primarily for telephone use, but with some telegraph circuits. Canadian Overseas Telecommunication Corporation will get the use of six of those circuits. Transport Minister Marler said there is no demand in sight for any more.

Commercial Cable company says there is. It says it has five customers anxious to get leased circuits—private lines, in effect—and business on hand for seven to ten more. It doesn't think any of the 24 would go begging for traffic. Mr. Marler says that any more than the six the crown company is to get would mean unnecessary duplication of facilities.

Mr. Marler: Mr. Chairman, I very much object to the reading into the record of this letter attributing to me statements that were made neither in the House of Commons nor in the committee. It seems to me that it is a most unsuitable way of putting on *Hansard* opinions attributed to me but which I have never expressed.

Mr. Howe (Wellington-Huron): As reported in the evidence, the minister said he believed it would create unnecessary duplication of telegraph facilities. The letter goes on to say this:

> The phrase has a familiar ring. A couple of years ago when Canadian Pacific Air Lines wanted to enter the trans-continental air freight business —it did not think Trans-Canada Air Lines was fully exploiting the field—the government decided that to grant the application would be to create unnecessary duplication of facilities.

I do not think this is the case. It almost looks as though the government owned crown corporation cannot stand competition. Competition is the life of trade, and hence should be sponsored on every hand. Back in 1949 the then minister of transport insisted that this would not create a monopoly. I sometimes wonder when I hear the Minister of Justice so many times speaking about monopolies. Here is an article in the *Globe and Mail* entitled "Monopolistic Act". It reads in part as follows:

> Anchor man of this team is the Hon. Stuart Garson, who joined the Ottawa circuit after a long run in Manitoba. Whenever the act seems to be flagging, Mr. Garson can be counted on to rush in from the wings, holding up some business group as a horrid example of the evils of monopoly.

Mr. Marler: Mr. Chairman, this is all very interesting but it has nothing whatever to do with the bill about which we are talking. I suggest that the hon. gentleman should address his remarks to the bill and not talk about other matters that are extraneous to it.

The Chairman: I agree that the extract which the hon. member is now reading has no apparent relevancy to this bill. I must ask him to confine his remarks to clause 1 of Bill No. 212.

Mr. Howe (Wellington-Huron): Mr. Chairman, I was just trying to indicate that this bill is an indication that the government is creating a monopoly in this field, when C.O.T.C. is given special privileges and these same privileges are denied to other private companies to such an extent that C.O.T.C., by the addition of their new, more efficient coaxial cable can squeeze out by reduced costs and hence reduced rates, fair and just competition.

In the evidence given in the standing committee on railways, canals and telegraph lines we have from Mr. Alistair Macdonald, counsel and solicitor for Western Union Telegraph Company, a statement which shows just how they feel about this matter.

> At the outset, may I state that Western Union feels that the language of the pending bill appears to be plenary and enabling in nature and is so broad that if enacted could establish the means through its licensing power to obstruct, and even destroy, the present lawful international telegraph operations of Western Union; and, in fact, such power could be used to effect a confiscation of Western Union's existing contract rights and legislative grants, thus, additionally, rendering valueless all plant, equipment and other assets validly established in Canada under applicable law stretching back over decades.

I think that sums it up, Mr. Chairman. I feel that this enabling bill is unfair to private corporations that have been in the business for many years. So I go along with my colleagues who have already spoken on this measure, in registering my objection to the passage of this bill.

Mr. Hees: The aim of this measure is obviously the protection of another crown corporation against competition.

An hon. Member: Who wrote that for you?

Mr. Hees: I wrote it myself, just a few minutes ago. The policy the government is putting forward in this regard is simply consistent with the policy it has always adopted toward these crown corporations. For instance, T.C.A. has always refused to allow competition in both freight and passenger services. The C.B.C. television has refused to allow competition in television services in the large cities.

Now, Mr. Chairman, competition produces greater efficiency, resulting in lower prices to the consuming public and in better service. Monopoly produces just the reverse. It produces higher prices and inferior service to the public. What this parliament should be endeavouring to do is get the best possible deal for the consuming public of Canada, and that can only be done by enabling private corporations to compete with crown companies if those private corporations wish to enter the field and take a chance of making a success in that particular line of business. If the private company cannot make a go of it and fails, the only loser is the company itself. The taxpayers of Canada are not affected in any way at all. If, on the other hand, the crown corporation cannot get sufficient business to keep it going by offering lower prices and better service, then I think it is obvious the crown corporation should leave the field to those companies that can.

For that reason, Mr. Chairman, I strongly object, as do my colleagues who have spoken on this matter, to one more move toward establishing another government monopoly.

Mr. Small: I shall not take very much of the time of the committee. I was glad to be a member of the committee and to have been included in that select coterie by the hon. member for Fort William as one of the intelligent members of the committee. I am not a technical man or an engineer,

but it appears to me that a company that has been in operation for some 72 years, which received its charter from this parliament and has given reasonably good service, should be allowed to continue. There has been no complaint about the company up to the present time. In fact they have done more than they were asked to do under their charter. The rate was set at 25 cents per word but, as the hon. member for Wellington South has said, they reduced it to 15 cents. In view of all these facts we should like to know the reason for the proposed change.

The purpose of the amendment is set forth as follows:

> The purpose of the proposed new part is to provide for the control of submarine cables terminating in or passing through Canadian territory.

Under the terms of the charter the company obtained they were allowed to land cables and operate telegraphs and telephones, but they decided that the part of the business they wanted to operate was the cables. Up to the present time they have complied with all the regulations set out under the various acts passed by this parliament. There was one act which applied to cables, and there were regulations in connection with telegraph lines. The company kept its plant and system up to date and, as was stated, laid six new cables. Then they reached the point where they wanted to apply the advances that had been made in that particular phase of the business, so they took the usual procedure of applying to this government for the right to replace the worn out part with moder equipment. The government said no, that could not be done.

If the government wants to go into public ownership—I have no objection and I think it is a good thing for the government to go into public ownership in some things—they should do so only if there is some reason for it, such as exorbitant prices being charged or lack of service. It is for those reasons that governments go into public ownership. However, those reasons are not present in this case. For example, the city of Toronto took over the Toronto street railway because they were not giving service, would not expand and the people of Toronto were dissatisfied. At the time the franchise was to be renewed the city refused to renew it, so the case was taken to court and settled agreeably to both parties concerned.

The same conditions were present in the case of Ontario hydro. The residents of Ontario were being charged exorbitant rates for electricity and they were not getting the service. The power barons of those days were mulcting the people of Ontario in that area around Niagara so it was decided, under Adam Beck, to go into the field of public ownership. I could cite other examples showing the reasons for going into public ownership, but in this particular case there is no reason.

As I have explained, the company has not charged high rates and has given good service. It has given as good service as any other company operating in the field. Perhaps if I read from the brief of the Canadian cable company you would see why this amendment has been introduced. The company went through the usual form in making a request to replace the cable, as they had every right to do under their charter. As I have said, the government said no, they could not put in anything new; it must be the same as was there already.

Mr. Marler: I do not want to have such a statement attributed to me by the hon. member, and I am sure he will not find anything in the committee evidence to support it. I do not think he really wishes to say that, either.

Mr. Small: The impression I received when the minister was explaining it before the committee was that if they wished to replace one of the existing cables they could do so; but they could not put in the coaxial cable which they were requesting at that time. I think the members of the committee will bear me out on that.

Mr. Hosking: Do you not mean that they could go ahead and build the coaxial cable from New York to St. John's, Newfoundland, I think it was, and from there to Greenland, Iceland and England, but we would not give them permission to have one outlet because if they had one they could have 120?

Mr. Small: As far as the government were concerned the situation was that they would allow them to put the cable down but they were not to have an outlet; and obviously if you are not going to have an outlet there is no use to have a cable.

Mr. Hosking: It was to run from New York, remember.

Mr. Small: I understood too that if they were going to replace the cable they would have to replace it as it was before.

Mr. Hosking: No, no.

Mr. Small: Well, that may not be your impression, but it was the impression I got.

An hon. Member: Why do you not go over with the minister?

Mr. Small: However, we will leave that for the time being. The fact is that they

want an outlet in Canada and they want to put down the coaxial cable. That is the point at which they were stopped, because it is going to interfere with a company that has been in operation since 1949.

The point I want to bring out will be best illustrated if I read from the minutes of proceedings and evidence of the standing committee on railways, canals and telegraph lines for Wednesday, July 11, 1956. I propose to read from the brief presented by the Commercial Cable Company as reported at page 73 of the proceedings:

> Now it is a fact that the Telegraphs Act, section 22, does speak in terms of applying to the governor in council and actually I believe that is the practice that this company has followed in connection with all the cables which have been laid to date—all six of them. It is a matter of interest that in 1923 when an application was made to the then secretary of state, the late Senator Copp recited the statutory authority we had under the 1884 statute and the regulatory provisions that existed under what is now section 22 of the Telegraphs Act, and the company was officially advised by the secretary of state that in view of these provisions it was not necessary to apply to the governor in council at all, as long as a landing licence was obtained from the then minister of marine and fisheries, but the practice and policy of the company has always been to co-operate with the proper authorities of the federal government whenever possible and it is a fact that an application was made in every instance although, as I say, there is some legal doubt as to whether the company is obliged to do so or not.

I do not want to go into that particular phase of it, because the lawyers can argue concerning that matter; but the company does have a point there. What I want to arrive at is that there were certain transactions which took place in the years preceding this, and they date back to 1937. I shall read some more of the evidence that was submitted in the brief:

> As far as any licensing provision is concerned I would say that the company has no objection to being subjected to a licensing system as such, provided that in exercising such a licensing system the statutory rights of the company as expressed in the statute of 1884 are not nullified. And, secondly, that any system of licensing that does exist will not be exercised in favour of Commercial Cable Corporation's big competitor, about which I will have something to say in a minute, namely, the C.O.T.C.—the Canadian Overseas Telecommunications Corporation, which is a crown company and the hon. members will remember that it was created by a statute of this parliament at the second session in 1949.

This is the part which I think is the nub of the question as to why the amendment was brought in. The brief continues:

> Now, to complicate things—I am giving this to you as background in order that you can perhaps better understand the plea which we are putting forward today—the background of cable communications is confused, I might say, by a series of commonwealth communication agreements. The various self-governing countries of the commonwealth have entered into a series of agreements dating back over a number of years. There was one in 1928, the imperial wireless and cables conference, and if you look at the statutes of 1929 you will see that the parliament of Canada implemented part of the report of that imperial conference with reference to the Pacific cable.
>
> Coming down to 1937, there was another commonwealth empire—I think it was called—rate conference in 1937. As a result of that conference, a number of things were agreed upon by the participants including Canada. Canada had a delegate at that conference. Now, it is not possible at this date to obtain a copy of the report, if there was ever a copy made for public distribution; but reference is made to this by Mr. Connelly of the Department of Transport when he was testifying before this committee when the C.O.T.C. bill was before this committee on November 8, 1949. He gave a review of what happened.
>
> Dealing with this 1937 conference, he stated on page 13 of the proceedings of evidence of that day, that it was agreed by the commonwealth government that: They would "continue the policy of resisting the authorization or opening of new circuits which would be detrimental to Cable and Wireless Limited or its associates in the British empire.

Mr. Hosking: Does it say anything there about coaxial cables?

Mr. Small: The building of coaxial cables and reference to other equipment does not get away from the point I am trying to bring out. In my opinion the amendment to the bill has been brought down for the sole purpose of implementing something that has already been agreed upon but which has never been presented to this house for approval or disapproval and for a proper understanding. I am referring to the agreements with other participating countries in the commonwealth. I think it would suffice if I were to read one more paragraph from the evidence. The following appears on page 76:

> Our whole case is presented, and who is there, sitting in judgment, but none other than our competitor C.O.T.C. and their English counterpart the British post office. We submit that that is not a good thing or fair from the standpoint of a private company. The upshot of that application was that on February 9, 1955, a decision was made and we were advised by the minister that in so far as through coaxial cable—that is a cable coming from Europe to the United States—was concerned it was in order to be landed at Newfoundland or Nova Sctoia but that no local outlets would be allowed to Commercial Cable Corporation in Canada, notwithstanding the fact that since 1886, Commercial Cable Corporation never operated land lines but entered into an interchange agreement with the Canadian Pacific Telegraph Company and have been working with them by agreement ever since.

This reputable company has been in operation for 72 years. If the government is not receiving from Commercial Cable Corporation a sufficient return under the agreement and if it needs more, it should charge more or work out some basis of operation to incorporate them into their plan instead of going about it in this way.

The minister said something to the effect that if they so desired they could expropriate this company but they chose not to do so. The method they are presently adopting may be all right according to their way of thinking, but they are not even attempting to expropriate the company; rather they are trying to exterminate the company completely. If the company is not given an opportunity to expand and apply present day technical advances to its business what is the company going to do? If that is the minister's intention it should be revealed to the house. But if he wants to tie the C.O.T.C. in with the British commonwealth agreements, then he should bring in a proposal which we could understand and pass upon; but if it is the intention to double-shuffle this company out of the vested interests it has had for 70 years, to my way of thinking that is not a fair deal.

Mr. Barnett: Mr. Chairman, I had not intended to take part in this debate until I listened to the hon. member for Broadview. I shall not comment upon the last speech, but I would like to say that as far as I am concerned—and I think I speak for other members in this group—as long as our friends in the Tory party engage in constructive criticism of government policy we are all for it, but when they start putting out a line of balderdash as the hon. member for Broadview did a few minutes ago I do not see why we should have to sit here and listen to it.

I have one or two questions I should like to put to the hon. member and some of his colleagues. First, I should like to ask them who does the 60 per cent of the overseas cable business that C.O.T.C. is not handling today? Second, I should like to ask if the government were creating a monopoly, publicly or privately owned, why they should be worrying about a bill to provide for the licensing of companies? It seems to me that the very terms of this bill are the best possible refutation for some of the arguments being put forward. There would not be any need to license companies if there were going to be a government monopoly in operation. That would be under the direct control of the government and therefore under the control of this parliament.

If we were having a debate on the merits or demerits of having our cable communications handled by a publicly owned monopoly, that would be legitimate; but I listened for four days to the discussion in the standing committee during which time we heard many objections and listened to a lot of extraneous matter. But everyone was given a hearing, and I see no point in coming back to this committee and reading into the record long excerpts from the minutes of the standing committee, attempting to create the impression that what was done in the committee was something different from what actually happened. We had all that out in the committee pro and con, and it is there on the record for hon. members to examine.

The particular licensing bill now before us has nothing to do with the creating of a monopoly in the C.O.T.C., nor has it anything to do with the application being made by a cable company for permission to instal another cable. As was clearly brought out, that is a matter which comes before the Minister of Transport under an existing section of the act. I am not going to say any more, but I do think we should try to consider this matter in some sort of proper perspective.

Mr. Marler: Mr. Chairman, at the outset I should like to say that I think there is a great deal of confusion in the minds of members of the Progressive Conservative party as to the purposes of this bill. As I listened to the comments made this morning and this afternoon one could almost imagine that the bill had as its object the dealing with the application of Commercial Cable company for the right to lay another coaxial cable in the North Atlantic.

Mr. Small: You mean another one?

Mr. Marler: I mean just what I said.

Mr. Small: You said another.

Mr. Marler: Perhaps if the hon. member will bear with me he will realize that I used the word advisedly and I think correctly. I shall come back to the Commercial Cable application which, strictly speaking, I do not think is relevant to this bill but which I would as soon discuss as not, because I know if I do not discuss it then it will be suggested that I was afraid to meet that particular issue.

I should like to refer briefly to the existing facilities in the North Atlantic and those which are in process of being created. There are three cable companies operating transatlantic cables, Western Union, Commercial Cable company and the Canadian Overseas Telecommunication Corporation. Western Union operates eight cables having a capacity of 45 simplex circuits which are equal to 22½ duplex circuits.

I want to emphasize the meaning of a duplex circuit, because that is the unit which has been used in describing the operations of Commercial Cable and it is one which I think is quite convenient in considering the capacity of the existing cables. So we have Western Union with eight cables having at the present time 22½ duplex circuits. Hon. members of the committee will remember that

a duplex circuit is one over which transmission may take place simultaneously in either direction.

In addition to Western Union's facilities, Commercial Cable has actually six cables, but we were told that one is no longer in operating condition and is not included in the figures which were given before the committee or in those I am about to give as indicating the capacity. Those five cables which they now have contain 19 simplex circuits or 9½ duplex circuits. Then in addition, Canadian Overseas Telecommunication Corporation, to which I shall refer as C.O.T.C., is the lessee but not the owner of two other cables which have a combined capacity of 2 duplex circuits.

In a word, Western Union have 22½; Commercial Cable have 9½ and C.O.T.C. have 2 duplex circuits. That represents the present cable capacity passing from the United States through Canada to the United Kingdom. I should like to emphasize the very small part which C.O.T.C. have of the whole, 2 duplex circuits out of a total of 34. I think it takes a good deal of imagination to suggest that 2 out of 34 would produce the kind of condition which could be described as a monopoly. I am going to come back to the question of monopoly a little later, but I merely want to stress the number of circuits which are available to C.O.T.C. in relation to the total.

That is the situation which exists at the present time. As hon. members know, there is in process of being laid a transatlantic telephone cable which is the joint venture of the Canadian government through C.O.T.C., the United Kingdom through the postmaster general, and American Telephone and Telegrah and its Canadian subsidiary, Eastern Telephone and Telegraph. So far as I am aware this is the first coaxial cable which has been laid or which has been in contemplation of being laid across the Atlantic ocean. I do not know of any other case where a coaxial cable has been used as a submarine cable.

At this point I want to stress the significant difference between an ordinary cable, whether loaded or non-loaded, and a coaxial cable. I think hon. members will appreciate this distinction, not because I shall attempt to describe the physical qualities of the coaxial cable as opposed to a loaded or non-loaded cable but merely in terms of capacity.

The cable of maximum capacity at the present time is one which is operated by Western Union. It has a capacity of eight simplex circuits, that is, four duplex circuits. None of the other cables has a capacity of more than three duplex circuits; some of them only one and some just a little more. The coaxial cable, the cable which is a joint project of Canada, the United Kingdom and American Telephone and Telegraph, will contain 36 voice channels, and its capacity, expressed in duplex circuits is somewhere around 800. So the new coaxial cable is capable of carrying, in round figures, something like 100 times as much in the way of messages as any cable that is functioning at the present time; and when I say "any cable" I am talking, of course, of submarine cable and not about coaxial cables when used for operations on land.

The point I have tried to emphasize particularly is that the introduction of the coaxial cable has completely revolutionized telecommunications, and particularly telecommunications by submarine cable. Before the coaxial cable was available and could be used for these purposes, that is, as a submarine cable, there was an economic limitation imposed by the cable itself on the number of new circuits that could at any time be introduced and made available by any cable company. In 1928, when the latest cable was laid, it provided only six simplex circuits, or three duplex. I particularly want to stress the fact that the coaxial cable has revolutionized the transmission of cables and of telecommunications in all their forms, for the simple reason that the increase in capacity is so remarkable in contrast to what existed prior to the development of the coaxial cable.

Coming back to the T.A.T., the telephone cable, it has 36 voice circuits. Of these the Canadian share is 6½ circuits, leaving a remainder of 29½ circuits, which will be devoted to traffic originating in the United States. These 29 voice circuits are to be used for telephone business, and not for the purposes of transmission of telegrams or cables. Of the 6½ circuits that are attributed to Canada and which are to be operated by the C.O.T.C., six are to be used for voice circuits and the other half voice circuit, which is considered to be equivalent to 11 or perhaps 12 telegraph duplex circuits in the circumstances will be available for Canadian business in all forms of cable transmission, whether it is a simple message, a leased wire, telex, teletype and so on. All those services will be available through the 11 or 12 circuits that C.O.T.C. will have in this half voice circuit to which I referred a moment ago.

I should like to take this occasion to correct the figure that I think I mentioned in the committee that there would be six telegraph circuits, as I have since been informed that I should have said 11 or 12. Of course there may be more, with the development of other techniques, but I have been thinking in terms of 11 or 12 circuits for telegraph purposes.

Mr. Green: May I ask the minister whether those circuits correspond with the 24 circuits proposed by Commercial Cable?

Mr. Marler: Perhaps the hon. member will permit me to answer that question in just a minute. I was in fact just coming to that point. This trans-Atlantic telegraph cable to which I have just referred will, as has been stated earlier, be finished early in October, and I think it will be going into service at approximately that time. It was in the light of those facts that the application of the Commercial Cable company had to be considered.

I wish to emphasize particularly that the proposals of the Commercial Cable company contemplated the laying of a cable which would have a capacity of 120 duplex circuits. So far as we understood the matter, whilst it was possible that two voice circuits would be used, which would take up approximately 24 of the duplex circuits, for telephone purposes, we have been inclined to consider it as a cable project rather than as a telephone project. Of the 120, 24 of these duplex circuits were to be terminated in Canada.

I should like hon. members to appreciate exactly the significance of that figure of 24. The capacity to which I have been referring and which is being used. The 34 existing duplex circuits carry all the present cable business between the United States and Canada at the western end and the continent of Europe at the eastern end. I should like hon. members to note that here we have 34 circuits to carry all that business, and now the Commercial Cable company asks that we should permit it to terminate in Canada 24 more duplex channels, which in itself is almost as much—not quite as much—as the whole of the present installed cable capacity in the north Atlantic.

The information I have is that the Canadian business of Commercial Cable can be carried fairly efficiently on one duplex circuit. That may be too conservative an estimate, and it may be that two duplex circuits are required. It may be the fact that it can route messages down to New York and put them on the cable at the New York end. This perhaps means that one duplex circuit, strictly speaking, takes care of what might be called the strictly Canadian traffic that moves on to the cable, but whether it is one or two is, I think, not material. I wish to point out that the application of Commercial Cable is to open 24 circuits in Canada, in addition to the 11 duplex circuits that C.O.T.C. will be putting into operation in October of this year.

Before I finish with the Commercial Cable application, I should just like to mention one or two factors that were, let us say, glossed over this morning by the members of the Progressive Conservative party. The fact remains that this 120 duplex channel cable, which Commercial Cable proposed to lay if its application were granted, was to be in receipt of $1,600,000 per annum for circuits to be rented to the United States government. The project was strongly urged upon us as being necessary for the defence both of the United States and Canada and of the United Kingdom. Had it not been for that fact, I think it would not have gone as far as it actually did go. But, as was pointed out this morning, this cable was to start from the United States, touch in Canada, first in Nova Scotia and then go across to Newfoundland, then go to Greenland, then to Iceland and then to the United Kingdom. Consequently, there were a number of governments whose approval and consent had to be obtained.

I am not in a position to divulge all of the information we received in that connection, but I should like to emphasize first of all that all of the governments were impressed with the desirability of the cable for defence purposes and for that reason gave, somewhat unwillingly, I think, a limited form of approval to the project. So far as Canada is concerned, the reply which the hon. member for Vancouver-Quadra read into the record this morning shows that the government, feeling that there was a defence need, agreed to the cable being laid by Commercial Cable Company and to defence circuits being terminated in Canada if our existing facilities were not sufficient for defence needs.

We did say, and I shall not attempt to gloss over the matter, that if any commercial circuits were to be opened they would have to be leased to C.O.T.C. I make no apology for that, Mr. Chairman. I think that was an arrangement which accorded to the project the importance it had as a project for defence. But the truth of the matter is that the company was not satisfied to go ahead with the project unless it had these 24 circuits that would terminate in Canada. In other words, it was not sufficient for this company to have all of the business that the government of the United States was prepared to pay for, all of the United States commercial business that was there and all of the business that there was in prospect, as described in very glowing terms by Mr. Henderson, vice-president of the Commercial Cable Company, but they must also have 24 more duplex circuits terminating in Canada.

As Minister of Transport, Mr. Chairman, I have the responsibility of recommending to my colleagues in the cabinet the action that ought to be taken in that particular field of activity, and I may assure members of the

house that I could not see my way clear to recommending the unqualified acceptance of the application of Commercial Cable to open 24 duplex circuits in Canada when the company was in receipt of a rental of $1,600,000 which represented somewhere around 65 per cent of the total operating cost, including interest. The hon. member for Oxford and others who spoke this morning suggested that there was no particular danger that might result from the fact that the Commercial Cable Company might receive $1,600,000 from the United States government. What disturbed me was that that was perhaps just the beginning of what the company might be receiving and that in the event that other circuits would be leased the amount that would be paid by the United States government would represent an unduly high proportion of the operating cost, including interest, and in effect that would mean that the facilities that the Commercial Cable Company would be providing in Canada through the 24 circuits to be terminated there would be cable service provided as a by-product of a large project financed by United States government funds.

I did not feel that I could recommend the granting of a landing permit to Commercial Cable for that particular project. As I said in the committee, I feel that we should have the opportunity to see what need there is for additional circuits when those to be opened by C.O.T.C. are made available some time in October of this year.

I should like to deal very briefly, because I do not think it is necessary to say very much about it, with the question of trying to make a monopoly of C.O.T.C. I ask hon. members to consider this simple fact. It is not necessary for the government to introduce Bill No. 212 in order to refuse applications for the landing of further cables. It is sufficient to read the express terms of section 22 of the Telegraphs Act which I should like to put on the record. Section 22 reads:

> The company—

At this point I am referring to marine electric telegraph companies, the name by which these cable companies are known in the statute.

> —shall not exercise any of the powers by this part conferred until
>
> (a) the company has submitted to the governor in council, a plan and survey of the proposed site and location of such telegraph and its approaches at the shore, and of its stations, offices and accommodations on land and of all the intended works thereto appertaining,
>
> (b) such plan, site and location have been approved by the governor in council, and
>
> (c) such conditions as he thinks fit for the public good to impose touching the said telegraph and works, have been complied with.

When we received the application of the Commercial Cable Company the deputy minister of justice was asked his opinion as to whether or not the granting of a landing permit, which is the name commonly applied to the form of permit that is given under section 22, was mandatory or not. The deputy minister replied that the question of whether the approval required by this statute is to be given by the governor in council or withheld is one to be determined by the governor in council as a matter of policy. He said that he did not find in the act any provision, express or implied, that fetters the discretion of the governor in council and that he could in his view refuse to approve the plan, site or location of the proposed cable on any ground that he considered to be in the public interest.

In other words, if, as was suggested by some of the members of the Progressive Conservative party this morning, the government desired to prevent any expansion by either Western Union or the Commercial Cable Company it would not be necessary for us to introduce Bill No. 212. All that would be necessary for us to do would be to resist, if I may use the word that the hon. member for Vancouver-Quadra quoted from one of the agreements, and to refuse to grant under any conditions any applications that might be made for landing permits.

Mr. Green: That is what you are doing now.

Mr. Marler: I know that the hon. member for Vancouver-Quadra cannot wait to get it out—and provided that the decision is taken for the public good. Is that what the hon. gentleman wanted to say? I am quite sure that the hon. member for Vancouver-Quadra, who has practised law a long time, will not deny the fact that it would be very easy to find reasons for the public good that might be invoked as a ground for the refusal of almost any application that might be made for a new cable.

Mr. Green: You have done pretty well at digging up grounds for refusal yourself.

Mr. Marler: Well, I think the difference between us is that my hon. friend has no responsibility for his recommendations whereas I have.

Mr. Green: You are not showing any though.

Mr. Marler: If I am not showing any sense of responsibility it is perhaps because I am coming under the influence of my hon. friend. But, Mr. Chairman, it seems to me that it is perfectly obvious that the Telegraphs Act as it now is enables the governor in council to say no and also enables him to say yes. I think, however, that one of the crucial questions—and this in my view is the principal

purpose for introducing this bill that is now before the committee—is to be found in the reading of section 22 of the Telegraphs Act which I have just quoted and which enables the governor in council to impose such conditions as he thinks fit for the public good touching the said telegraph and works. That section I think clearly implies that those are conditions that should be accomplished before the laying of the cable is completed. In other words, Mr. Chairman, they are not of the kind that I might describe as being of a continuing character, the sort of thing that happens from day to day after the cable is laid.

Let me give to the committee an example of the sort of thing I have in mind. As the situation is at present, all of the cables that have been laid—perhaps I should not say all of them but should say many of them—or many of the cables that have already been laid had a much lesser capacity for the transmission of messages than they now have. As was said by the hon. member for Wellington South, I think it was this morning, it is quite possible by the incorporation of electronic repeaters into a cable to increase materially the message carrying capacity of the cable. It could be doubled, trebled or quadrupled.

But today we do not think very much in terms of doubling the duplex circuits because the factor involved is so small. The important situation, Mr. Chairman, is this. Today we may lay a coaxial cable having a capacity, say, of 120 duplex circuits. But what is there to tell us that tomorrow or next year there may not be some developments in the equipment or in something that can be incorporated into the cable itself which will materially increase the message-carrying capacity of that cable and create an entirely new situation, particularly in these days where governments, because of their interest in defence or world affairs, can upset the normal economics of the situation by renting—usually at fairly generous rentals—circuits.

At all events, Mr. Chairman, so far as I am concerned it seems to me that it is desirable that we should have the right, by this licensing system which is contemplated, to control the development of additional outlets. Perhaps I should not call them outlets. Perhaps I should call them additional circuits. If, for example, we start off with 24 today, as the company requested, perhaps by tomorrow that might be 120. I think that the government, speaking for the people of Canada, should have the right to decide whether this multiplication of facilities is to take place with or without its approval.

The bill which is before the committee will enable the government to control the development of new circuits and the increase of existing circuits so that when approval is given for the laying of a cable it will be possible to prevent the capacity of the cable from being unduly increased, at least without the government being consulted.

Mr. Diefenbaker: Would the minister allow a question there?

Mr. Marler: Of course.

Mr. Diefenbaker: I have been following him very carefully. As the law now stands, under section 22 is the authority not there for the control of the multiplication of facilities?

Mr. Marler: Personally, I do not think so, Mr. Chairman, If one studies section 22 in the context of the statute as a whole, I think one is almost certainly drawn to the conclusion that these conditions are of a kind that are accomplished, let us say, once and for all before the cable comes into operation. Why do I say that? Mr. Chairman, the very language of section 22 suggests it. It reads:

> The company shall not exercise any of the powers by this part conferred until . . .

It says that the company shall not exercise —that is the very start of operations, namely exercising their powers until the conditions have been complied with. To my simple mind that suggests that when the conditions have been complied with, then everything is all right; then you go on and you start exercising your powers at that stage. In other words, the conditions must be accomplished first and then you start to exercise your powers afterwards.

What I am saying here is this. Under this system of licensing it will be possible to grant the landing permit and then to provide—as I think it is an essential part of the licence—that the licensee will be permitted to operate, let us say, 100 duplex circuits or 24 or whatever the number is; but they may not afterwards, by the installation of some form of equipment, turn 100 into 200 or into 400.

I have not asked the Department of Justice to confirm this opinion but, personally, I think it is fairly clear that that is the sort of condition that it is very difficult to provide for in section 22. One thing I think is perfectly clear, namely that it would not be possible to revoke the landing permit because, in spite of the prohibition, the company had increased the capacity of its cable. That is provided for in the bill and, as I say, that is one of the main purposes of it.

Mr. Diefenbaker: I should like to ask the minister one question there. He said that he did not know whether the matter had been submitted to the law officers of the crown. I understand that is what he said a moment ago.

Mr. Marler: Just on that particular question—

Mr. Diefenbaker: Did the minister not make some submission to the law officers of the crown in order to ascertain whether or not section 22, as it now exists, did not require that any conditions that are imposed should be those in the public interest or with the public interest in mind? The change that you now bring about by this amendment does away with the necessity of any regard being had for the public interest. If this bill is passed in its present form, the only regard that needs to be had is at the caprice, if you will, of the order in council, regardless of the public interest. I am asking for information.

Mr. Marler: I will try to answer the hon. gentleman. The question that I referred to earlier was as to whether or not it was mandatory for the governor in council to grant a landing permit under section 22. The opinion, of which I read an excerpt, was from the deputy minister on that particular question as to whether or not the issue of the permit was mandatory. That is the first one. The second point is that we are not changing that situation at all. We are merely providing that there may be conditions of a continuing character as part of the condition of a licence which the company would require to have. I hope I have answered the hon. gentleman's question. I am not trying to sidestep it.

Mr. Diefenbaker: There may be conditions beyond the public interest that require you to make an order in council? Is that what the minister means?

Mr. Marler: No. I am not suggesting that for an instant, Mr. Chairman. I may say quite frankly that I cannot conceive of a licensing system of which the conditions were not intended to be in the public interest. I am not trying to conceal anything from the committee on that score. I think that the legislation is perfectly clear. I think we have quite wide authority to make regulations under the proposed bill in connection with a licensing system. When we get to the clause by clause study of the bill I am sure the hon. gentleman will see that. But I take it that these regulations must not, in all decency, be framed except having the public good in mind. I cannot help thinking that, after all, the government must be responsible to parliament for the regulations that it enacts pursuant to this bill.

I should just like to say one further word, Mr. Chairman. I may not have answered all the questions that were raised. If not, I should be glad to endeavour to do so. But as I said at the second reading stage of the bill, it seems to me that it enables the government to have more flexibility in the administration of section 22 of the Telegraphs Act. As I see it now, we are faced with the necessity of choosing between a pure and simple yes or no answer to an application that may be made. I think it is very difficult for us to attach qualifications to the response that we give to an application for a landing permit. I think that the licensing system adds more flexibility and will enable the government to attach to the granting of a landing permit conditions that are of a continuing character and that extend beyond the pure operation of laying the cable and bringing it into operation.

There are just one or two things upon which I should like to touch. I think it was the hon. member for Vancouver-Quadra, or perhaps some other hon. member who seemed to attach great importance to the fact that, when this application was considered first of all by my department officials, Mr. Bowie, the president of C.O.T.C., and I think two or three other officials of C.O.T.C. were present at the meeting. They seemed to see something almost sinister in that. I should like to assure them there was nothing sinister about it. The rather curious point in connection with this application of Commercial Cable was that we had believed, up to that time, that the route across Newfoundland to be followed by the T.A.T. cable was known only to a very restricted group. I am not suggesting it was secret or that it had to be a secret, but we did not believe that anybody else knew about it apart from those concerned with the laying of the T.A.T. cable.

Mr. Green: Which cable was that, to which the minister referred?

Mr. Marler: I am talking about the trans-Atlantic telephone cable. When this application of Commercial Cable was received, it was a real surprise that they were proposing to follow the same route. Consequently, it was a matter of great importance to C.O.T.C. to see that the cable that was described in the application of Commercial Cable was not laid in such a way as to interfere with the T.A.T. cable. Their participation in the meeting was not only because of that fact but also because of the fact that they are

the most experienced people connected with my department in the field of cable operation.

Now, I should like to say one word about rates. No effort has been made up to the present by the government to control cable rates. As I said in the committee, the rather happy situation that exists now is because there is competition between these three companies. There has been no great difficulty about having to control rates or keeping them down. I should like to repeat, as I said in the committee, that C.O.T.C. has been a factor which has enabled us to keep the rates for cables down. There have been suggestions made at earlier dates by the two United States companies that cable rates should be increased, but C.O.T.C. has refused to accept the suggestions for increases in rates. As hon. members know, C.O.T.C. has managed, I think through the good management of Mr. Bowie and the directors and officers of the company, to operate for six consecutive years with a surplus after paying taxes and interest on the government's investment in the company. In fact, the rates which apply to cables are actually four cents per word lower on cables transmitted from Montreal than on cables transmitted from New York. I have no doubt whatever that if circumstances were such that, because of the fact that new circuits were being opened and were being, let us say, provided with ample funds by the government of the United States, they would be creating the kind of competition that would be exceedingly difficult to meet and C.O.T.C. would have a very difficult time.

Mr. Nesbitt: Would the minister permit a question?

Mr. Marler: Perhaps the hon. member would wait just a minute.

It has been suggested we are trying to protect C.O.T.C. If there had been another Canadian cable company, I would have been very happy about it. But if there is any protection that is being given as a result of our refusal of the Commercial Cable application or in the policies that we have discussed here I think, if anything, it has been to see that Canadian telecommunications operations are not snowed under in a field which is highly competitive and in which the competitive forces are very powerful, very large corporations with very substantial sums of capital at their disposition.

I think, Mr. Chairman, I have dealt with all the questions. There is just one it is suggested that I perhaps should touch upon and that is whether or not the issuing of licence under the bill now before the committee would be mandatory. I do not think it would be mandatory. I may say I have discussed the question with Mr. Driedger of the Department of Justice. It is naturally difficult for him to give an opinion which arises with respect to regulations which have not yet been drafted, but I have tried to assure the members of the committee that there was no intention on the part of the government to interfere with the operation of existing cable companies. I think it is very unlikely that the regulations will be drafted in such a way or that any government would administer a licensing system, so that it could arbitrarily refuse an application from any of the cable companies. I have tried to answer most of the questions, but if some of the hon. members would still like to have an answer I shall do my best to give it.

Mr. Nesbitt: The minister has answered a number of questions that have been put to him, and I realize there were a great many. Naturally he could not answer them all at one time. There is one question that is still not clear to me with regard to rates. The minister has pointed out he is not very much alarmed by the $1,600,000 a year rental, which is in effect a type of subsidy, the United States government will give to Commercial Cables. But his alarm in the future might be raised—

Mr. Marler: I am alarmed even by the $1,600,000.

Mr. Nesbitt: If the minister is alarmed by that, he would be more alarmed if it were increased.

Mr. Marler: My alarm would increase as the amount increased.

Mr. Nesbitt: In view of this very handsome assured income for at least 10 years, in the event that Commercial Cable Company started some kind of rate war which would involve C.O.T.C. and Western Union, what would then prevent the minister from invoking a section of the Railway Act in bringing the regulations of these telecommunication rates under the minister in the same way as railway rates are? Apparently in the past these rates have always been settled amicably by discussion, but if a rate war did start, what would then prevent that action?

Mr. Marler: Mr. Chairman, I thought that in the committee I had almost reached the point of convincing the hon. member for Oxford.

Mr. Nesbitt: You had for a while.

Mr. Marler: I think he had slipped away from me in the committee, Mr. Chairman,

but for a while I thought I had almost convinced the hon. member it is not just a question of the rates but that there was also the collateral question of what might be paid out to get the business, what might be paid out to advertise a particular company's advantages.

The hon. member spoke this morning about sending cables. Most of us know perfectly well that if you go to send a cable most people do not know what company it is going by. You go into the Canadian Pacific Telegraph or Canadian National Telegraph office and ask them to send your cable for you but if one of the companies receives a higher percentage of the cost of the message if they send it via Commercial or via Western Union than they do via C.O.T.C. then I think human nature being what it is the telegraph company will send it by the route which attracts the most dollars to its own treasury.

I do not think that condition existed formerly because everybody was on his own when the number of circuits in a cable was small. I think I mentioned before that the maximum was 8 simplex circuits. We are now talking about a large number of circuits of which a small proportion are going to be rented to the United States government for a rental which represents something like 65 per cent of the operating expenses of the cable.

The hon. gentleman may not be concerned by that but I think all I can say to him is that not having the responsibility for what happens to C.O.T.C. he may be indifferent as to whether it is $1·6 million or $2·6 million or $3·6 million; but having that responsibility I cannot be indifferent. As I said a moment ago my concern increases as the amount increases over $1·6 million.

Mr. Nesbitt: Mr. Chairman, I certainly appreciate, as I think all members do, the minister's high sense of responsibility and I warmly commend him for it. I am trying to establish in my own mind and for at least some hon. members of the house what the reason is.

I am now beginning to get back a little more into line with the minister's thinking again in view of his explanation in this regard but there are two things about which I am still a little unclear in relation to the subsidies. The minister said that because of this indirect form of subsidy and because of other things such as advertising and through other means business might be channelled into the Commercial Cable Corporation.

Mr. Marler: Or Western Union.

[Mr. Marler.]

Mr. Nesbitt: Yes. But at the same time is it not a fact that there are only the two companies in Canada which pick up telegraphs, the Canadian National Telegraph Company and the Canadian Pacific Telegraph Company? It is my understanding, and I am open to correction on this, that Western Union carries all the messages picked up by the Canadian National Telegraphs whereas the Commercial Cable Corporation and the C.O.T.C. divide the messages that are picked up by Canadian Pacific Telegraphs.

Mr. Marler: That is assuming there is no designation by the sender of the message.

Mr. Nesbitt: I think some of us are a little unclear on this matter. If you send a telegram in a Canadian National Telegraph office and specifically designate that it should go via Commercial Cable Corporation is it possible it would be sent in that way? I realize it is highly unlikely that a sender would designate.

Mr. Marler: I not only think it is possible, I believe that is actually what is taking place.

Mr. Nesbitt: I see. I have one further comment. The minister is alarmed not so much by the fact of the control of rates but by what might be done through this more direct method of channelling business between the companies. I believe the point I tried to make this morning was that if this took place none of these companies, no matter how large they might be, would be foolish enough to try and engage in some kind of rate war with a crown corporation because of the loans that would be possible. I do not think any sensible private company would attempt to engage in a rate war either directly or indirectly with a crown company knowing that the resources of the Canadian government were behind the crown corporation.

Mr. Green: Mr. Chairman, dealing first with this question of rates, the impression I gained in the standing committee was that these companies including the crown company have a pretty neat little arrangement which, if it were within Canada, would probably be considered as a combine in so far as rates are concerned. I would be very much surprised if that picture does not continue into the foreseeable future. They will get together and agree upon the rates that are to be charged and then they will all charge the same rates, which is what they are doing today.

Even if the Commercial Cable company should attempt to reduce the rates, surely the Canadian businessman who uses cable services should receive the first consideration. There has not been a word said here about

the benefit to him as a result of getting a cheaper rate. The minister seems to be concerned about only one factor and that is that the crown company shall be protected.

The minister stressed that his objective was to protect this crown company and actually he is not only protecting the crown company but he is protecting its partner, the American Telephone and Telegraph Company, and its subsidiary the Eastern Telephone and Telegraph Company by his actions.

Mr. Marler: I do not think the hon. gentleman should make that suggestion because the Eastern Telephone and Telegraph Company and the American Telephone and Telegraph Company are not in the cable business.

Mr. Green: They are not in what?

Mr. Marler: They are not in the cable business; they are in the telephone business. The transatlantic telephone cable is primarily a telephone operation. It is only a telegraph operation so far as half a voice circuit is concerned which I believe may be used by the United States government or others. The point I want to emphasize is that the American Telephone and Telegraph Company, and the same applies to Eastern Telephone and Telegraph Company, are not in the cable business and are not competitors of any of the cable companies.

Mr. Green: The crown corporation is in partnership with the American Telephone and Telegraph Company and its subsidiary the Eastern Telephone and Telegraph Company and with the British post office. They are all in the bag together. The minister's policy obviously is to protect that group. He is stretching our credulity rather far when he asks us to believe he is only trying to protect the crown company.

The minister gave the impression today that what is proposed is a licensing system. One would think to hear him speak that it was to be an impartial licensing system under which the department would weigh the scales and see that the crown company was treated in exactly the same way as the Commercial Cable Company and Western Union and that this nice new licensing system would be just a general control system which would apply in the same way to everyone in the business; but unfortunately the facts are just the opposite.

The minister himself in his statement today has made it perfectly clear that the government plan is a plan to prevent up-to-date competition from the Commercial Cable Company and Western Union. Of course, Western Union does not enter into the picture so much because it is not trying to lay a coaxial cable and I believe an order has been made in the United States courts to the effect that they must divest themselves of this cable business. They are not interested in keeping up to date in the same way as is the case with the Commercial Cable Company, the other private company. What is the minister doing under this policy? Here you have his own child, the C.O.T.C., as a result of the first coaxial cable getting the equal of eleven duplex circuits. I may be wrong in those figures.

Mr. Marler: That is correct.

Mr. Green: That is what I understood the minister to say. The C.O.T.C. is to have that type of equipment in October of this year. Commercial Cable are still asking for permission to lay a cable of that type. It will take them probably several years to lay such a cable. The minister does not say, "It would be fair for C.O.T.C. to have eleven circuits and Commercial Cable to have eleven circuits," he says, "Oh, no, Commercial Cable will not have one circuit in Canada; we will not allow them to have one circuit in Canada; if they lay this coaxial cable they must continue to do business with their old cable in so far as Canada is concerned." The minister made that very clear on more than one occasion in the committee and I would refer hon. members to page 185 of the proceedings. Incidentally this is a confirmation of the stand taken by the minister in the letter which he wrote in February of 1955. I quote from page 185 of the proceedings:

> Mr. Green: You say that so far as the Canadian government is concerned they cannot have a coaxial cable or system, whatever it is called or described. Is that possibly the view your department is taking?
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> Hon. Mr. Marler: The approach which the department is taking is that the Commercial Cable Company asked for a permit to land a coaxial cable of 120 duplex circuits, and we said you may use them for defence purposes and make a connection in Canada for defence purposes, where existing facilities are not adequate, but if you open any circuits for commercial purposes you must do so by leasing them to C.O.T.C.

The minister has not varied that stand one iota; he skated all around it by talking about a licensing system but he is still standing on the policy that if these people lay a coaxial cable and place any circuits in Canada those circuits must be used for defence purposes or be leased to the C.O.T.C., which is their competitor. How that can be considered as fair is completely beyond me. One would have thought that the Department of Transport would be impartial in this matter and would have allowed each group to have an equal number of circuits, or at least to have some of the circuits. But that is not to be the case. Commercial Cable, and no doubt Western Union would be treated the same way,

are faced with this government policy. They have been told that they cannot have any of these up-to-date circuits, that they must carry on with the old type equipment. I do not see how the minister can justify a policy of that kind. In effect it means a monopoly for the crown corporation because if these other companies cannot modernize why should they try to hang on in Canada. It certainly means that the Canadian businessman will lose the benefit of that competition.

Even if rates are the same they might be able to get better service from one company than from another. For example, I am told that in the case of a cable message from Vancouver to Japan, if it were sent by Commercial Cable it would go to Seattle and thence to Japan, whereas if it were sent by C.O.T.C. it would go across Canada to Montreal, thence to London, and thence right around the world to Japan. It takes some time longer to reach Japan going that way than it would if sent over the other system. In so far as cable service from the west coast to Australia and New Zealand is concerned, C.O.T.C. give the better service, and more credit to them for that.

Surely the businessman in Vancouver is entitled to choose the way in which his cables are to be sent. If this government policy is carried out the only service available will be by a crown company. I suggest that that is entirely unfair. Will the minister indicate who is going to be hurt by there being too many of these circuits in Canada? He seems to be greatly worried about there being more circuits than are necessary. He seems to think that somebody is going to be badly hurt if that is the case. It seems to me that the people who would not be hurt are those who send the cables. Certainly it would not do any harm to them. Just who is it that is going to be hurt if these eleven circuits belong to C.O.T.C. and 24 circuits belong to Commercial Cable or eleven circuits belong to Commercial Cable? Who is going to be hurt if there are more circuits than are required? Will it not be the companies that would suffer rather than the Canadian people? Those who are doing business would benefit.

This policy seems to be contrary to the whole trend of development in Canada. This country is opening up from coast to coast and surely the demand for this service is increasing. We were told in the committee that it was increasing very rapidly. Why should these restrictions be placed upon this development? Mr. Henderson of the Commercial Cable Company gave evidence about the business they had in prospect for the new circuits. This will be found at page 205 of the proceedings, and I quote:

> Now, with respect to Canada, we did not feel that it was necessary to make a survey here. The minister has stated that he is going to have six telegraph channels when this transatlantic cable is in operation and he has half a voice channel at his disposal. We have a demand now, in the Commercial Cable Company for five leased channels across the Atlantic, and that is even without going out trying to sell channels. We believe the people of Canada should have the opportunity to lease channels direct through to a customer in London, Paris, or wherever it may be. If you are able to dial on your telephone to London, you should be able to dial on your telegraph to London. We believe at some future time that the teleprinter will be out of date.
>
> The minister stated that if we had made an application for a cable of two circuits, that his answer may have been different. If I had made that application I think that my board of directors would have fired me.

Will the minister please explain just who it is in Canada who is going to be hurt if there are more circuits than seem to be required at the present time?

Mr. Nicholson: Before the minister replies I should like to say a word. I should like to say that two months ago the hon. member for Vancouver-Quadra and I were on the same side in connection with a very important matter when we were trying to save Canada from the evils of turning over to powerful American-controlled corporations certain important national resources. It is somewhat embarrassing for me today to find a colleague of a few months ago on the wrong side of an important matter affecting the future of Canada.

We had a very long discussion in the committee, and there were at least three divisions. The hon. member for Hamilton West and the hon. member for Saint John-Albert, who are not here this afternoon, tested the opinion of the committee, and on the first vote there were four yeas and 19 nays, as shown on page 223 of the record. In the next vote, as shown on page 227, there were three in favour and 17 opposed. The final vote was an interesting one. The following amendment was moved:

> This part does not apply in respect of a company which is already operating external submarine cables under the authority of an act of the parliament of Canada.

Had that amendment carried, it would have committed this parliament to the proposition that we are not permitted to have anything to say about the operations of Commercial Cable, as a result of certain privileges they were given 72 years ago. This motion was presented to the committee, and it is recorded:

> Motion defeated. The Clerk counting.

I do not recall whether he saw any who voted for it, but there is no record as to whether or not anybody voted for this. I think that we cannot accept that proposition. The minister went over the matter very fully in the committee and again this afternoon, and I am not going to repeat it, but I think that it cannot be established that he is guilty of trying to establish a monopoly. He pointed out correctly that, because C.O.T.C. is in this field, everyone who uses cable services in Canada is able to send a cable from Canada to the United Kingdom for four cents a word less than people in New York.

The last time I was in Europe, I sent a cable home from the publicly owned post office in London and I was surprised to find that when I reached New York I had to pay more for a telegram over privately owned telegraph companies from New York to my home in Saskatchewan than I paid over the publicly owned cable and telegraph system from Canada. In other words, I spent less for that cable from London to Sturgis, Saskatchewan, than for a telegram from New York to Sturgis, Saskatchewan. So I think it cannot be argued that we have not competition in that field. We are still going to have at least Western Union, the Commercial Cable Company and C.O.T.C. I think the minister has made a convincing case that he does require the legislation that is proposed in Bill 212.

Mr. Nowlan: I cannot agree with my hon. friend when he says he thinks the minister has made a convincing case. The minister always speaks with a degree of conviction and with something which appears like logic, in such a way that it does carry, not conviction but perhaps an appearance of it, to one who has not studied his statements too carefully. I must admit that I have not studied them too carefully on this occasion. I was not in the committee when the hearing was conducted on this bill, as I perhaps should have been because I was a member of the committee. However, I was not here at the time and therefore did not hear the evidence, although I have read it since. Incidentally, my hon. friend referred to the votes in the committee. I think that means very little as to the number of members that may be present, because when that committee was sitting, Mr. Chairman, as you know, there were four or five of the committees sitting at the same time.

An hon. Member: Your party was represented.

Mr. Nowlan: It may have been that certain people who were not present were in other committees who otherwise would have been there and voted for or against the amendments that were proposed. I go back again to the case the member for Vancouver-Quadra has made, which I think is a convincing case. If the minister has made one to the satisfaction of the hon. member who has just spoken, I think that the member for Vancouver-Quadra has made a more convincing one. The hon. member who preceded me has admitted that the minister made a convincing case for a monopoly. I think that was the tribute he paid to his logic, and if the minister is prepared to accept that accolade, then I shall not argue too strenuously that my hon. friend is convinced at any rate of that.

I think it is section 22 of the Telegraphs Act which at present creates powers under which the minister will have to act until this bill is passed. It refers to the public good, and any action taken under that section would have that connotation. There are no such words in the present bill, and obviously a minister can pass such regulations as are approved by his colleagues. The effect of those regulations, I think the minister will admit, would be to create a monopoly. He said a while ago, in reply to the member for Prince Albert, I think, that of course the government would be motivated by what was in the public good, but of course—

Mr. Marler: I think that would apply to governments of all parties, even the one my hon. friend represents.

Mr. Nowlan: That goes without saying, but that would be something we have not had an opportunity to demonstrate at the moment.

An hon. Member: Because of the ideas you are propounding now.

Mr. Nowlan: The expression "public good" as contained in the legislation has a specific meaning, as the minister knows, as interpreted by the courts through many years of experience. I am afraid that the expression "public good" as in the minister's mind is a much looser expression, and he qualified it afterwards by saying that he felt that his responsibility was to the C.O.T.C. Apparently his impression of public good is something which will protect the C.O.T.C., because he said that is his responsibility.

I think the member for Vancouver-Quadra emphasized another matter. I am sure the minister would not deny, although it perhaps has escaped his attention for the moment, that he also has a responsibility to the public as a whole, and what might possibly infringe upon the C.O.T.C. might conceivably be in

the public interest. I personally cannot accept the proposition that by creating a government monopoly you are thereby promoting the public interest. After all, it was only two or three years ago that the C.P.A. made application for certain rights for carrying freight. They were denied them because apparently it was not considered in the public interest and the T.C.A. had to be protected. I am sure if that matter had been discussed years before, when T.C.A. was first incorporated or first developed and the present minister had been the minister in charge, I can see him, in a smooth, convincing manner assure one that under no circumstances was there any thought of creating a monopoly and that it would be in the public good and only in the public good.

The suggestion was made in the committee that if the regulations had to be passed the matter should be referred to the board of transport commissioners and the power vested there rather than in the minister's own department. The minister's reply to that was that he had qualified men in the department who knew of the administration of cables, that the board of transport commissioners was not qualified to handle that, and therefore it would not be in the public interest to have this matter referred to the board and dealt with by the board of transport commissioners.

If some such reservations are necessary, it is highly desirable that they be administered by an apparently independent and responsible body rather than by the minister's department itself. I think that the hon. member for Mackenzie who preceded me expressed it very succinctly when he said that the minister had made a forceful case for a monopoly. Personally I am not prepared to accept that as a desirable thing and in the public interest. There are many arguments which one could use. I could advance a local one. I noticed in the evidence that Commercial Cable suggested that if the license were granted and they laid the new cable they might operate a cable ship out of Halifax which would result in the spending of large sums of money on the east coast, up to $800,000 a year and another $250,000 a year in Newfoundland.

That is a very commendable reason and one good reason why I would be in favour of the minister reconsidering the matter and would be in favour of Commercial Cable Company being given the privileges it seeks. They are really not privileges for after all this company has been in existence since 1884. They have been carrying on since then and have given good service. They have somewhat of a vested interest in this business. Perhaps that is a disreputable term today but I do not think it is. I think there is a responsibility on the government to protect that interest to a certain extent and at least not bring in an act that may result in forfeiture, with apologies made in the committee for having used the word "forfeiture".

No one suggests for a moment that this minister would ever engage in anything which would savour of or result in forfeiture but the passing of this legislation accomplishes the same thing. Why would anyone engage in further financing? How can you finance undertakings, how can you assure your bankers of a future in this business when you have hanging over you the fact that this legislation is there, legislation of such a nature, whether it is intended so or not, which will result in forfeiture if it is exercised?

I think that this is one of the more important pieces of legislation. True, it deals with a private company in one sense of the word. Actually it deals with it very effectively. This is a type of legislation which should have been brought into the house earlier, should have received even more careful consideration in this committee and for which more time should have been available for discussion. I am quite sure when the public realize all the implications of the legislation and what is involved in it there will be a reaction such as will surprise the minister and will result, if he insists on the legislation being passed, in his exercising the authority which will then be vested in him under it much more carefully perhaps than some other ministers with less sense of responsibility would.

The present minister certainly will not be there all the time. We do not know who will be exercising the responsibilities under this legislation. I think it is not in the public interest. I think it is unfair to those who have been engaged in this business in the past. Perhaps the minister will say: Well, let us get off the first section and give me a chance to bring forward some amendments. I hope that at least he is prepared to entertain reconsideration of some sections so as to provide for the protection of the public interest rather than leaving everything to himself and his department.

Mr. Leboe: Since I entered the debate earlier I should like to make one observation now. It was stated here this afternoon that C.O.T.C. had been responsible for keeping the rates down. There seems to be a strange paradox in arguments. On the one hand we have the statement that C.O.T.C. is responsible for keeping the rates down and on the other hand we hear the plea that any more outlets in Canada will certainly lead to the

bankruptcy of C.O.T.C. I do not see the relationship. Either one or the other must be right, and which one is it?

Mr. Green: Will the minister please answer my question as to who is going to be hurt if there are too many circuits in Canada?

Mr. Marler: All I can say, Mr. Chairman, as I indicated in the committee, is that I think the situation today is that with the coaxial cable it is no longer the simple matter that it used to be. I do not think that anyone with the responsibility for taking the action that the governor in council must take under section 22 when an application for the laying of a new cable is received could think otherwise than that the laying of cables in the future will probably be a matter for intergovernmental discussion.

Mr. Green: For which?

Mr. Marler: Intergovernmental discussion. The hon. member has rather suggested that our action in connection with Commercial Cable seems to be wholly unjustified, but the fact does remain that the United Kingdom has not given its approval to the Commercial Cable Company and the somewhat optimistic evidence on the subject given by the vice-president of Commercial Cable Company is, I think, not justified by the facts. I do not think he has any reason to be as optimistic as he seems in saying "we have not had a final turn-down from the United Kingdom government." That may be so. It may not have been final. It may not have been said in very positive terms, but I should be much surprised if the United Kingdom grants permission for the landing of this cable in that country.

The point I should like to emphasize, particularly for the benefit of the hon. member for Vancouver-Quadra, is that this company already has nine and a half duplex circuits which serve Canada. There is nothing whatever to stop the Commercial Cable Company from laying a 120 duplex circuit cable when they wish to, but the difficulty seems to be that they do not want to lay it unless they can have one-fifth of the circuits terminating in Canada. I cannot see why, having regard to the existing facilities that Commercial Cable Company has, it cannot go ahead and lay the cable as it wishes without having to insist upon reliance upon Canadian business to justify that project.

The hon. gentleman asked who will be heard on applications. I take it that will depend on who makes the application, when it is made and what the circumstances are at that time. I think I should say to him that I think the Department of Transport will do its best to assess the situation at the time the application is made. We have been, I think, very much handicapped by the fact that we have had so little knowledge of the activities of the cable companies that have been going on up to the present. As the hon. gentleman knows, I told the committee at the outset of my remarks that we had thought that there was a capacity of 18½ duplex circuits in the Atlantic at the present time. Yet we found that the number was 34. That was not because we were unable to check the original applications. It was because there had been changes which took place without any knowledge of the government or without its approval. All I can say is that in the future applications will be looked at on their merits and having regard to what the attitude of other governments will be and what the need is for additional service.

Mr. Green: The minister has not answered my question. I asked him who would be hurt if there were more circuits available to Canadians than are actually needed. Does he claim that the business community of Canada will be hurt? Who will be hurt unless it is C.O.T.C. itself? The minister has not answered that question. He dodged all around it. I think we are entitled to know who is going to be hurt because the minister has taken the position that only C.O.T.C., this crown company pet of his, can have access to a coaxial cable. He will not allow Commercial Cable to have any duplex circuits on their coaxial cable. He says that they can lay it and use it for defence purposes in Canada but apart from that they have got to lease it to C.O.T.C.

I should like to know who is going to be hurt if there are more circuits than the minister believes are needed. He has taken the stand that it is his responsibility to decide whether there are more circuits in Canada than are necessary and he wants this legislation so that if he does decide that there will be more than are necessary he can prevent them being opened up. It is going quite a long way, quite regardless of any other powers the minister has taken, that he should be the arbiter of what constitutes too many of these circuits in Canada. Is anybody else going to be hurt, except perhaps this crown company, if more circuits are available in Canada than are actually required?

Mr. Marler: I am afraid that the difficulty in answering my hon. friend's question is that we do not seem to be able to come down to talk about the same terms. We are not attempting to cut out existing circuits. There are not too many circuits at the present time having regard to the volume of United States business that now moves over the

cables. As to the question of whether 11 more telegraph circuits will be too many or not, how can one tell until the circuits are open and we have the experience to be able to tell whether they are too many or not? All I can say is that the review on the part of the government will come when an application is made for additional circuits in a new cable. That is where the question is going to arise. All I can say to my hon. friend is that I cannot tell who will have to be consulted at that time until I know what is the situation that prevails at the time the application is made.

Mr. Green: Will it hurt anybody in Canada if there are more circuits than can be used? Who is going to be hurt if that is the position?

Mr. Marler: Mr. Chairman,—

Mr. Green: May I explain it in this way. Here is a private company which is prepared to spend $25 million or $35 million—I think that is the latest estimate—to put in a coaxial cable, and is proposing to have 24 of those outlets in Canada. Who is going to be hurt if those 24 outlets turn out to be 10 or 15 too many?

Mr. Marler: Mr. Chairman, I do not see how it can be said they are going to prove that there are going to be 10 or 15 too many. That an application may be made by, let us say, Commercial Cables Company and that they wish to open 24 new duplex circuits in Canada, I thing we would be inclined to take a look and see what was the then existing capacity. When somebody comes along and tells us that what he wishes to do is to instal 24 duplex circuits, financed largely with moneys coming from a contract with the United States government—

Mr. Green: They are financed by loans. They have to borrow money. They gave evidence to that effect in committee.

Mr. Marler: Let the hon. member place his own interpretation on the facts and let me place my interpretation on them. But I say that when a company comes along and asks for permission to open in Canada 24 duplex circuits, supported by a lease agreement providing for approximately 65 per cent of the operating expenses, including interest, and when those 24 duplex circuits represent approximately 12 to 20 times the amount of capacity that company is now using in Canada, I would naturally question the desirability of adding so many circuits to the existing facilities. I think the hon. gentleman would have exactly the same feelings if he had the responsibility for his actions.

[Mr. Marler.]

Mr. Green: Then are we to believe that the minister is trying to prevent Commercial Cable Company from wasting their money? Is he trying to help them save some money by not letting them have any of these outlets in Canada? If the minister thinks they are very foolish to put in the new cable and to open 24 circuits in Canada, why should he worry about that matter? Why not let them go ahead and do it? If they have not sufficient business to use those circuits, surely nobody is going to be hurt; but the Canadian business man is going to have just that much more chance to get a direct service, for example, from Vancouver to London or from Winnipeg to London. As the situation is now, the minister has said that, by his policy, no one but this crown corporation can have access to one of these coaxial cables in Canada. The crown corporation has not a cable. It is only leasing what cables it is using at the present time. Surely nobody is going to be hurt if the Commercial Cable Company go ahead and put in these outlets. Is the minister willing to give them permission to open any number of these outlets, even less than 24, if a coaxial cable is laid?

Mr. Marler: When it becomes likely that the United Kingdom will grant a landing permit for the Commercial Cable Company in the United Kingdom, I would be perfectly prepared to review, in the light of circumstances that exist at that time, just exactly what policy I should follow in recommending that the company be allowed to terminate additional circuits in Canada.

Mr. Green: In the committee evidence was given that the company was negotiating with continental nations to land the cable there. If it can be landed elsewhere than in the United Kingdom, does that make any difference in the attitude of the minister?

Mr. Marler: No.

Mr. Green: The minister would still be willing to consider allowing them certain circuits in Canada?

Mr. Marler: Mr. Chairman, I think that we are now in a field which is purely hypothetical. All I can say is that it depends entirely on where the cable is going to go.

Some hon. Members: Carried.

Mr. Fulton: A few moments ago there was an argument used by the minister as to why he felt that he would be justified in refusing a licence—if I followed him correctly—and in which he said—

Mr. Marler: No; not a licence; a landing permit.

Mr. Fulton: I am sorry; I should have said a landing permit. He said that when he saw a company proposing to instal 24 duplex circuits, which would give 12 to 20 times the amount of capacity they are now using, he would feel inclined to question the necessity for or the appropriateness of that application. May I enter into an argument with him on this basis. When he rests his case on that position, is he not arguing on the basis of the old-style circuit and basing a judgment with respect to the use that will be made, can be made and will be desired to be made of the new facilities on the experience with old and obsolescent if not obsolete facilities? My information is that if the new facilities became available, the demand for them would be there and would greatly outstrip the demand for or the use that is now being made of the old facilities.

Mr. Marler: I thought that this morning or perhaps early this afternoon I had tried to make it clear that when we were talking about the duplex circuit it did not make any difference whether you had one duplex circuit out of 120 in a coaxial cable or one duplex circuit out of an existing cable that has a capacity of 4 duplex circuits, we still come down to the same units. The only question is what they are going to be used for. I am not a technical person. I am afraid that is all too obvious. All I can say is that I think you can put the telex circuit just as well in one of the existing cables as in a coaxial cable. I know that you cannot put a voice circuit in a cable that has a capacity of only 8 simplex units.

Some hon. Members: Carried.

Mr. Fulton: A statement has been made that 15 out of the 24 proposed circuits have already been spoken for. Of course that is an indication that 15 out of the 24 would be used if a permit were given and the cable installed.

Mr. Marler: That was not made clear until we met in the committee the week before last.

Mr. Fulton: It is a fact, is it not?

Mr. Marler: No. I am not saying it is a fact. I admit that it was said in committee.

Mr. Fulton: Does the minister know what the situation is? What is the minister's information as to the indicated demand for these circuits.

Mr. Marler: All I can say, Mr. Chairman, is that when the company made its application in September, 1954, in their application they said that they had not made any survey of the Canadian market or of Canadian requirements. In other words, I think the clear implication of that is that at that time it was not a factor as to whether or not the project should go ahead. What has happened is, as time has gone by the company has become more and more insistent that the Canadian traffic they wished to carry over this proposed cable has become increasingly important. If the hon. gentleman had participated in the discussions he would have found that the emphasis had changed from one of meeting a defence need to the point that we must have a better commercial service for Canadians. I leave it to the hon. gentleman to form his own conclusion as to why that change was made.

Mr. Fulton: This is a commercial company and I am asking what is the most recent up to date information as to the extent to which the potential cables have been spoken for?

Mr. Marler: I have no information on that subject.

Mr. Fulton: So, we have no reason to disbelieve then that the 15 out of 24 were not already spoken for?

Mr. Marler: My information, Mr. Chairman, is that my officials consider that is a very optimistic assessment of the possibilities.

Mr. Green: Mr. Chairman—

Mr. Lesage: Carry on the filibuster. Now, we can see the pattern.

Mr. Green: As long as I feel this question should be discussed. Is the minister not able to say whether the claim made by Mr. Henderson, which I read a few minutes ago from page 205 of the committee record, is accurate or inaccurate? Here is a man who is the executive vice-president of a very old and efficient company. He came before that committee and made this statement of the business they expected to do in Canada. Is there any real reason to question the accuracy of that statement?

Mr. Marler: I think the hon. gentleman should be able to answer that question himself.

Mr. Green: The answer is obvious, that there is no good reason to question it. How is this company to furnish these services if this veto which has been placed upon their expansion by the Department of Transport is to be continued. Is there any possible way that the company can provide that service for which they have a demand?

Mr. Marler: I think there is a very simple way. The company can lay a coaxial cable to serve its United States traffic, without landing that cable in Canada. It has got already

9½ duplex circuits, which is probably four times the amount that is required for its Canadian business. I think they could do that quite well.

Mr. Green: We had evidence, if I remember correctly, that they did not have the facilities now to do this business, and they would require this new cable in order to do it.

Mr. Marler: That is not supported by the evidence before the committee. My hon. friend knows, and I think it was said a dozen times in the committee, that these facilities are there that can be used by Commercial Cable. They can be used for any purpose for which duplex circuits can be used. Now please, Mr. Chairman, I hope the hon. gentleman will not try to go on attempting to persuade this committee that it is vital that these circuits should be opened in Canada now. There are 9½ duplex circuits now. The Commercial Cable Company is quite capable of laying a coaxial cable to service its United States business, without any difficulty whatever.

Mr. Green: But they cannot do business in Canada.

Mr. Marler: They cannot do any more business than they can carry on 9½ duplex circuits, which is about four times more than they require.

Mr. Green: All of this is done to protect a crown company, Canadian Overseas Telecommunication Corporation. Will the minister tell us how much money it is going to cost this crown corporation for their share of this partnership cable which is being opened in October?

Mr. Marler: When the C.O.T.C. estimates are before the committee or when my estimates are before the committee I would be glad to do that, but that is not relevant to this bill.

Mr. Green: The minister has explained, as the basis for the need of this bill, that the Canadian Overseas Telecommunication Corporation is going to be able to provide sufficient service to last Canada for an indefinite period.

Mr. Marler: No, no.

Mr. Green: That is the basis on which he is refusing to let these people open the new cable. How much is it going to cost the Canadian people to have this partnership service which has been undertaken?

Mr. Lesage: What are you trying to do, protect the Americans against the Canadians?

[Mr. Marler.]

Mr. Marler: As I said, that is not material to the bill and I do not propose to deal with that aspect of the question now.

Mr. Green: I submit it is material to the bill because it is involved directly with this whole issue. How much money is it going to cost? The annual report of the Canadian Overseas Telecommunications Corporation shows that there have already been advances from the government about $8,050,000; their capital budget for the financial year ending March 31, 1957, at page 5, shows terminal equipment for trans-Atlantic telephone cable and then says that this equipment is not included in the total estimated expenditure of $4·5 million in the T.A.T. cable project and that the $4·5 million represents the corporation's expected payment as a party to the trans-Atlantic cable construction and maintenance contracts. Then, we have in the estimates this year an item for $4,506,725, as a loan to this C.O.T.C. and in the supplementary estimates there is a further loan of $1,908,256. Now, surely the minister can tell us how much money this corporation is going to have invested in this trans-Atlantic cable plan.

The Chairman: Order. It being five o'clock, the house will proceed to the consideration of public and private bills.

PRIVATE BILLS

Mr. Deputy Speaker: The items under public bills having been exhausted, the house will resume the business which was interrupted at five o'clock.

TELEGRAPHS ACT

AMENDMENT CONCERNING CONTROL OF SUBMARINE CABLE INSTALLATIONS

The house resumed consideration in committee of Bill No. 212, to amend the Telegraphs Act—Mr. Marler—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*"External submarine cable" and "telecommunication" defined.*

Mr. Green: Mr. Chairman, now that the private members' hour is over, perhaps the minister could give us those figures.

Mr. Marler: I do not have the figures with me. I think it is about $4½ million but I am relying entirely on my memory. As I say, I do not think the investment of the C.O.T.C. in the new trans-Atlantic telephone cable is really pertinent to the purpose of the amendment to the bill we are discussing at the moment which is as to whether or not we should have a licensing system for the operation of submarine cable communications. I think it would be just as appropriate

if the hon. member were to ask me what was the total investment of Western Union and the answer is I do not know.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: Shall this bill be now read the third time?

Mr. Green: No, at the next sitting.

Mr. Marler: Why at the next sitting? Second reading was two weeks ago.

Mr. Green: I submit it is not in order to do that.

Mr. Lesage: Of course it is in order; second reading was before yesterday.

Mr. Marler: It was two weeks ago.

Mr. Green: The committee stage is a part of the second reading. There can be only one stage carried on at the one time. Surely there is no intention to try to force this through in that way. The minister has his bill through the committee.

Mr. Marler: Mr. Speaker, this bill has been on the order paper since May 12. A debate occurred on second reading some weeks ago. The bill then went to the committee on railways, canals and telegraph lines where the committee spent parts of three days, Wednesday afternoon, Thursday morning, afternoon and evening and Friday morning and afternoon going through the bill from start to finish with the benefit of evidence from the two cable companies, Western Union and Commercial Cable. A whole week has gone by since the report of the committee. We have spent virtually the whole day going through the bill in committee. There have been no amendments made in committee and I believe that under the rules when no amendments have been made in committee a motion for third reading is perfectly in order. The alternative would be that it would be put off until next Monday.

Surely the hon. gentleman has nothing further to add on the motion for third reading that he has not already said today. It seems to me it is perfectly reasonable that I should ask for third reading

Mr. Deputy Speaker: Order. I am, of course, governed by the provisions of standing order 75 and standing order 78, sub-paragraph 2.

Standing order 75 reads:

> Every bill shall receive three several readings, on different days, previously to being passed.

The latter part of sub-paragraph 2 of standing order 78 reads:

> 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.

The minister having moved third reading I have no recourse other than to put the motion, of course.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, it is very unusual for the government to follow a course of this kind; however, if it sees fit to do that I suppose we just have to make the best of things.

The official opposition are very much concerned about this bill because we believe a step is being taken which is very unsound. We believe the bill should have been stood over and further consideration given to it so that some plan could be worked out under which there would be full, free and unrestricted competition between the crown company, the Canadian Overseas Telecommunication Corporation, and the private cable companies.

Mr. Pickersgill: The Americans.

Mr. Green: In Canada we have worked out a system of that kind in connection with our railways which I think has been very satisfactory. In this case, for some reason or other, the government is taking the position that a private company must be curbed; it must not be allowed to have a coaxial cable with outlets in Canada unless those outlets are used for defence purposes or leased to the crown company.

As a party we, of course, believe in competition. It seems to me it is so advantageous to have both of these companies with this modern service. This would be advantageous to the people of Canada and certainly would be of great benefit to my own city of Vancouver and the other western cities. It would enable them to operate on the same basis as Montreal in so far as cable service to Europe is concerned.

Mr. Langlois (Gaspe): They are now.

Mr. Green: In order to take advantage of the most modern service they are now going to be forced willy-nilly either to deal with the crown company or to send their messages through the United States.

I can see no reason why the minister should have taken the stand he has and I am quite confident there are many supporters of the Liberal party in the house today who are dubious—

Mr. Hosking: There is not one.

Mr. Green:—about a step of this kind being taken. I know that the hon. member for Wellington South is not dubious. He is

never dubious about anything the government tells him. In fact, it seems to me he sometimes goes overboard far in advance of the government and dives into deep water with his mouth wide open—

Mr. Hosking: I hope I never make any more mistakes than the government.

Mr. Green:—without the slightest hesitation. In any event I am quite sure there will be supporters of the government across the country who will not be in sympathy with this move. It is not a very far step from a move of this type to a restriction of the freedom of the press. These cable services are primarily of use to the press of Canada and to the business community yet the government is stepping in and saying, "You have to do business through our nice little crown company; you cannot give your business to companies having the most modern equipment and providing the best service possible because that competition might be too much for our crown company." When you have a government with a mental attitude of that kind it will do the same thing in other fields. It is just one more step on the road downhill to dictatorship in Canada.

Mr. Pickersgill: It is nice to see the Tories so concerned over a United States company.

Mr. Green: We hear a chirp from the official squirmer of the house. We have this step and no doubt there will be other steps following until eventually the Canadian people will realize what is going on in this house and throw out this government. It is strange to have the Minister of Citizenship and Immigration (Mr. Pickersgill) raising the question of United States companies because—

Some hon. Members: Oh, oh.

Mr. Green: Let us have all the heckling we can on that. This is a very good place to have it. What is actually being done is that this crown company is in partnership with a large United States company, the American Telephone and Telegraph Company. That is the only way in which this crown company will be able to get service through the coaxial cable system. They have this agreement with the American Telephone and Telegraph Company. So far as United States companies are concerned we are both in the same position.

Mr. Hosking: Except that we are tied in with the British government.

Mr. Green: Tied in with the British post office, but that was when they had socialism in the United Kingdom and that is why members of the C.C.F. are supporting this bill. They are speaking in accordance with their beliefs and they are a whole lot more genuine about the thing than are the members of the Liberal party. They have given the minister far more support than he has received from anyone on his own side.

There is no need to go into the question at any further length. We have made our position clear. We think the government is making a great mistake. Even though this bill passes I suggest to the Minister of Transport (Mr. Marler) that he take another look at his policy and it may not be too late for him to make a change to permit other outlets from the coaxial cable and allow private companies to have this same type of service. If it is considered that 24 outlets are too many perhaps he would give permission for a smaller number. I do suggest that in the interests of the country he should take another look at this whole question and make some changes in the policy he has been following to date.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I did not expect that there would be any discussion on third reading. I am inclined to agree with the hon. member for Vancouver-Quadra (Mr. Green) when he says that the hon. member for Wellington South (Mr. Hosking) is perhaps never dubious as to the policy of the present government. However, I think the hon. member for Vancouver-Quadra will agree that that cannot be said about me. The thing which has surprised me about this whole matter is that apparently the Conservative party has been as gullible as the hon. member for Vancouver-Quadra accuses the hon. member for Wellington South of being. By that I mean to say that they seem to have swallowed holus bolus the attempt which was made by the Commercial Cable Company—I do not blame them for doing it—to use this bill as a vehicle for introducing the subject matter of a certain application they had made to the minister under the Telegraphs Act.

If there has been any debate on the merits of socialism, or public ownership versus private ownership, it has been introduced by the hon. member for Vancouver-Quadra and his colleagues. Certainly as far as I am concerned this is not a socialist bill and certainly I am not supporting it on the ground of being a socialist.

As far as I can see, this bill is simply a licensing bill to give the government certain powers to regulate public utilities having to do with telecommunications. We do that same sort of thing in other fields and nobody has suggested that that involves socialism. I think it is confusing the issue to attempt to create the impression that the government of Canada

has suddenly swallowed holus bolus the philosophy which some of us in this corner of the house espouse simply because they have introduced this bill.

I do not think I need to say any more. I made some few remarks on second reading when the principle was under discussion and I think it was made clear at that time that we are sympathetic to the purposes of the bill. I think we have made it quite clear that as a result of the detailed and thorough discussions which took place in the committee we are now satisfied that this bill, properly administered, will be in the interests of the Canadian people.

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I have listened with a great deal of interest to what has been said, particularly by members of the Progressive Conservative party. I have been interested in knowing their position and to say the least I think it has been somewhat confused and confusing. The principal ground of complaint is that because we are providing for the establishing of a licensing system for external submarine communications we are thereby attempting to turn the C.O.T.C. into a monopoly. Nothing has been said by them here today that has suggested they are in favour of a licensing system of any kind. I do not want to speak at great length, but I think the house should understand just what is the position of the Progressive Conservative party in connection with this matter.

I do not think that any member of the Progressive Conservative party, either in the standing committee or in the committee of the whole house, has failed to raise the question of the monopoly of the C.O.T.C. I want to point out briefly just what is the situation. There are 34 duplex circuits now available in trans-Atlantic cables and those 2 are operated by C.O.T.C. To speak of a monopoly when there are 2 circuits out of 34 certainly goes far beyond my understanding. What is the monopoly position of C.O.T.C. so far as Canadian business is concerned? It has 40 per cent of the business while the two United States companies have the remaining 60 per cent. Does that sound like a monopoly, when you have even less than half of the traffic? It certainly does not. My suggestion is that, whenever the name C.O.T.C. is mentioned, there is immediately from the Conservatives a response "monopoly"; but I say that the facts do not justify any such contention as that.

What have we heard today about establishing a licensing system? Nothing whatever. Yet when we were in the committee the hon. member for York West, who seemed not to be disposed to disagree with the idea of a licensing system, moved that the bill be amended and that, in place of having the regulations made by the governor in council, they should be made by the board of transport commissioners. So at that particular moment the Progressive Conservative party was in favour of some form of licensing, and the same clauses and conditions were set forth and the same language was used, in effect, for the amendment as will be found in subparagraphs (a) to (e) of clause 42 of the bill. At that particular moment the Progressive Conservatives were in favour of licensing. Today there has not been one word about licensing.

All that has been said has been with the object of making sure that under no circumstances whatever should anything be done that might possibly curtail the activities of Western Union and of Commercial Cable, so far as Canadian business is concerned. Nobody has suggested for a minute that the bill was to be used to interfere with Commercial Cable dealing with the business that properly belongs to it, with the United States business originating in the United States and put on the cables in New York. Nobody has ever suggested that that was going to be interfered with, but throughout the long discussion in committee what have we heard? Nothing but "For goodness' sake, do not do anything which would affect these two United States companies."

Mr. Speaker, that is not all. After having suggested a form of licensing, but under the board of transport commissioners, the Conservative party, the hon. member for York West speaking for it, then moved that a clause 3 be added to the bill. That was, of course, in the standing committee. He moved an amendment to the effect that this part of the act shall not apply in respect to a company which is already operating external submarine cables under the authority of an act of the parliament of Canada; in other words, that nothing whatever must be done to regulate the activities of the two United States companies.

I think that the great difference of opinion arising between the Progressive Conservative party and the government is that the Progressive Conservative party can think only in terms of monopoly. We have seen that there is no monopoly, and I do not think that there is any likelihood of there being one. We find that one day they are in favour of licensing; but that the next day they are not in favour of licensing. Then they conclude by saying that they do not want this to apply to the two United States companies. I leave to hon. members the task of forming their own conclusions as to the attitude of the opposition.

Telegraphs Act

The house divided on the motion (Mr. Marler) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Applewhaite
Argue
Balcom
Barnett
Batten
Benidickson
Bennett
Bertrand
Blanchette
Boisvert
Boivin
Bonnier
Bourget
Bourque
Breton
Brisson
Brown (Essex West)
Bryce
Bryson
Buchanan
Cameron (Nanaimo)
Campbell
Caron
Carter
Cavers
Cloutier
Decore
Denis
Deschatelets
Deslieres
Dickey
Dumas
Ellis
Fairey
Follwell
Gardiner
Garson
Gauthier (Portneuf)
Gillis
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hanna
Harris
Harrison
Hellyer
Henderson
Henry
Herridge
Hollingworth
Hosking
Houck
Hunter
James
Johnson (Kindersley)
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Knight
Lafontaine
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacKenzie
MacNaught
Macnaughton
McCann
McCubbin
McIlraith
McIvor
McMillan
McWilliam
Marler
Menard
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nicholson
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Power (Quebec South)
Power (St. John's West)
Proudfoot
Prudham
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Richardson
Roberge
Robichaud
Robinson (Simcoe East)
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Sinclair
Stewart (Winnipeg North)
Stuart (Charlotte)
Studer
Thibault
Tucker
Viau
Villeneuve
Weaver
Weir
Winch
Winters
Zaplitny—123.

NAYS

Messrs:

Bell
Blackmore
Cardiff
Casselman
Charlton
Churchill
Diefenbaker
Dinsdale
Fairclough, Mrs.
Ferguson
Fleming
Fraser (Peterborough)
Fulton
Girard
Green
Hahn
Harkness
Hodgson
Holowach
Howe (Wellington-Huron)
Leboe
Lennard
Low
MacLean
McGregor
Monteith
Montgomery
Murphy (Lambton West)
Nesbitt
Nowlan
Pallett
Patterson
Pearkes
Poulin
Small
Smith (Battle River-Camrose)
Stanton
Thomas
Tustin
Yuill—40.

Mr. Speaker: I declare the motion carried.

Bill read the third time and passed.

ST. LAWRENCE SEAWAY AUTHORITY ACT

AMENDMENT PROVIDING AUTHORITY TO CONSTRUCT AND OPERATE BRIDGE

Hon. George C. Marler (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the St. Lawrence Seaway Authority Act by repealing subsection (1) of section 14A thereof as enacted at the present session of parliament and substituting the following subsection therefor:

"14A. (1) The authority may, alone or jointly or in conjunction with the St. Lawrence Seaway Development Corporation of the United States, construct, maintain and operate, either

(a) a bridge over Pollys Gut in the St. Lawrence river for the passage of pedestrians, vehicles, railway trains and for other like purposes, with all necessary approaches and facilities, from Cornwall island in the county of Stormont in the province of Ontario to Massena point in the state of New York, or

(b) a bridge over the south channel in the St. Lawrence river for the passage of pedestrians, vehicles and for other like purposes, with all necessary approaches and facilities, from Cornwall island in the county of Stormont in the province of Ontario to the United States mainland in the state of New York."

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Nesbitt: Will the minister be good enough to give us a statement as to the purpose of this resolution?

Mr. Marler: Mr. Chairman, hon. members of the committee will probably recall that earlier this session we adopted chapter 11 of the statutes of the present session for the purpose, among other things, of authorizing the St. Lawrence seaway authority, either alone or jointly or in conjunction with the Saint Lawrence Seaway Development Corporation of the United States, to construct, maintain and operate a bridge over Pollys Gut. Since then there have been discussions

and negotiations between the Saint Lawrence Seaway Development Corporation and the New York Central Railway which have made it possible to consider what in the mind of Canadians is, I think, a much more satisfactory alternative to the bridge over Pollys Gut. I think that perhaps I might stick more closely to a memorandum I have here on the subject and perhaps, if necessary, supplement it with a few additions.

I should like to say that after considerable negotiation, and at the request of the Canadian government, the United States Saint Lawrence Seaway Development Corporation agreed to reroute the highway and New York Central Railway in the United States by means of twin bridge facilities at the Grass river lock and bridges over the Grass and Raquette rivers in order to provide uninterrupted facilities.

It was desirable to retain as short and direct a route as possible for highway traffic coming to the Cornwall area from the east by the south shore of the St. Lawrence and particularly to provide as short a route as possible for the St. Regis Indians living in a small section of Canadian territory on the south shore of the St. Lawrence that is entirely surrounded by United States territory. These Indians come to Cornwall for supplies, schools, hospitals, employment, et cetera.

During the current session, parliament passed an amendment to the St. Lawrence Seaway Authority Act to authorize the St. Lawrence seaway authority to join with the U.S. Saint Lawrence Seaway Development Corporation in the construction of a low level highway and railway bridge over Pollys Gut, over the western end of Cornwall island and the United States mainland.

Just at this point, Mr. Chairman, I should like to interject that it was possible to build a low level bridge over Pollys Gut because no navigation was to take place in that part of the river. Hon. members who are familiar with the geography will realize that this plays an important part in the power development but no part whatever in the development of navigation facilities.

The proposed bridge was to replace the existing span of the Roosevelt bridge over the south channel of the St. Lawrence river which has to be removed so as to allow shipping to have access to the new 27-foot Long Sault canal. At that time it was understood that the New York Central Railway would not abandon its line between Ottawa and Helena, New York. As the only possible location for a combined low level highway and railway bridge was over Pollys Gut, the amendment to the St. Lawrence Seaway Authority Act was drafted in restrictive terms accordingly.

Within the last few weeks the New York Central Railway has let it be known that a large industrial corporation is interested in acquiring as a plant site some 2,000 acres of land in the vicinity of the proposed relocated highway and rail line on the United States south shore of the St. Lawrence river to the east of the Grass river lock. The industrial corporation in question objects—and I think quite understandably—to having the railway and highway pass through the plant area. The New York Central Railway, accordingly, proposes to abandon its line between Cornwall and Helena, New York, and to service the industry by a spur line from one of its other railway lines in that area.

The U.S. Saint Lawrence Seaway Development Corporation suggested that the highway be relocated in a westerly and a southerly direction; that is to say, west of the plant area to which I have just referred. This, however, would aggravate the problem of the St. Regis Indians who would have to travel an additional six miles to Cornwall. Furthermore, it would be much more inconvenient for all traffic travelling south and east of the international boundary.

At this point, Mr. Chairman, I should like to emphasize that the proposed diversion which would have brought the highway across twin bridges at the Grass river lock on to United States territory and then crossing Pollys Gut to meet the western end of Cornwall island would have materially added to the length of the trip that Indians living in the St. Regis reservation would have to take in order to get to Cornwall, and that the proposal to which I have just referred would have added an additional six miles to a trip that was already quite long.

At this stage the St. Lawrence seaway authority, having regard to the proposals to abandon the railway line, suggested that it would be more practical and economical to build over the south channel a high level highway suspension bridge a short distance west of the site of the present bridge. This is by far the most sensible and uncomplicated approach. It is cheaper, in that the total cost to both entities would be in the neighbourhood of $8 million against more than $9 million for the original plan. It is more direct by far and generally follows the present north-south international highway route at Cornwall. It is best for the Indians and for the traffic coming to Cornwall from the east by the south shore of the St. Lawrence.

Obviously participation by the St. Lawrence seaway authority in the construction of this

bridge—which of course is an international bridge—would have to be authorized by parliament, and preferably at this current session, as work should be commenced during the present construction season. The proposal which is embodied in the resolution is to amend the St. Lawrence Seaway Authority Act to provide that the authority would share in the cost of construction and in the building of either the low level highway and railway Pollys Gut bridge, or the south channel high level highway bridge, in the event that some unforeseen development makes it necessary to return to the idea of the bridge over Pollys Gut.

Mr. Chairman, I do not think that anybody who is familiar with the geography of this particular part of the river and the surrounding country would have any doubt whatever that the high level bridge for highway traffic over the south channel south of Cornwall island has many obvious advantages, apart from the fact that it means a lesser cost to provide these facilities than that of those which were contemplated at Pollys Gut. I have no hesitation in urging the committee to adopt the resolution to the end that, as soon as possible, we can introduce the requisite legislation based on the resolution. In that connection I should like to tell hon. members that the bill itself will contain nothing more than the strict terms of the resolution which is now before the committee.

Mr. Nesbitt: In view of the minister's statement, Mr. Chairman, there are just a few brief questions I should like to ask him. The first one is this. It is indicated in the memorandum to which the minister was referring a few minutes ago that in future there will be a high level bridge—I presume it will be a highway bridge only—over the north channel. Is that contemplated in this resolution?

Mr. Marler: I do not think I mentioned that, Mr. Chairman. I notice that the newspapers have mentioned the possibility of a bridge over the north channel. I did not remember that I had mentioned it. I will say this, however. I think it is a perfectly logical development, although when it will be undertaken is an entirely different matter. I think it is a logical development for one to expect to take place in due time.

Mr. Nesbitt: The only reason I asked the question is this. It is my understanding that in the north channel there is not likely to be any shipping of any kind. I was wondering just what was the purpose of building a high level bridge over there.

Mr. Marler: I should not like to dismiss, quite as simply as that, the possibility that there would be no navigation in the north channel. If my hon. friend will look at the plan of the seaway he will see that the channel for navigation is to be dredged in the south channel, that is in the waters to the south of Cornwall island, and will lead directly to the Grass river lock which is being built by the United States seaway corporation. It may well happen at some later date that Canada will decide to construct locks on its own side of the international boundary line and in that event the channel to the north of Cornwall island, the so-called north channel, would have to be used in order to provide access to the lock which I think would be located just about—I do not know if my hon. friend is familiar with the work, but at the point where there is to be what is called a structure in the dam. So ultimately if there were duplicate facilities provided for shipping it would necessitate a high level bridge over the north channel, if one is to be built.

Mr. Nesbitt: I take it from the minister's comments that there is no additional high level bridge contemplated over the north channel in the immediate future. I believe the present bridge, which is called the Roosevelt bridge, over the north channel will be used in the meanwhile.

Mr. Marler: Yes, that is correct.

Mr. Nesbitt: There are only one or two other questions I should like to ask. In the last few days there has been considerable criticism in the press from Mr. Robert Moses, chairman of the New York power authority, claiming that if this bridge is constructed it will result in a delay of one year in the construction of the seaway. I have a number of press clippings in front of me to that effect, but I have not been able to find in any of them any reasons given by Mr. Moses for this suggested delay of a year. Nevertheless, I ask the question because a person with Mr. Moses' knowledge of the subject must know what he is talking about, and he is chairman of an important New York state authority. I was wondering if the minister would care to comment on that?

Mr. Marler: I should like to dispose of two points. With regard to the north channel bridge, I think the hon. gentleman will find, if he rereads the amendments which were adopted earlier this year, that they contain the necessary authority for the St. Lawrence seaway authority to build the north channel bridge if it were considered desirable that it should do so.

The second point is that I know Mr. Moses has said the building of the bridge in this new location, that is over the south channel as opposed to Pollys Gut, would have the

effect of delaying the opening of the seaway. All I can tell the committee is that the Hon. Lionel Chevrier, who is president of the St. Lawrence authority, has assured me that the question has been given most careful consideration by their technical advisers and they do not subscribe to the view which Mr. Moses has expressed that a high level highway bridge over the south channel will delay the opening of the seaway. I believe that opinion is likewise shared by the officials of the United States Saint Lawrence Seaway Development Corporation.

Mr. Nesbitt: Apparently the officials of Ontario hydro have not expressed views similar to those of Mr. Moses, nor have the other two authorities concerned with the building of the seaway, but in view of the fact Mr. Moses holds a very important position can the minister give us any idea as to the type of objection Mr. Moses made and why this delay would occur? Were any suggestions ever forwarded to Mr. Chevrier?

Mr. Marler: I do not believe Mr. Chevrier has received any communications from Mr. Moses. I would merely suggest to the hon. member for Oxford that if he were interested in the development of the park and parkways in the state of New York, he would be delighted if this bridge were going to be built over Pollys Gut thereby bringing into the United States parkways system, and to the development that will probably take place in and around the United States portion of the seaway, all of the traffic that would be crossing from Cornwall. I think if I were in the position of Mr. Moses I would probably be most anxious to have the bridge built over Pollys Gut. But as I have no responsibility for parks or parkways in New York, I should like to see it where it would do the most good for the Indians on the St. Regis reserve.

Mr. Nesbitt: After having heard the comments of the minister and having taken a good look at a map of the area, I think I see what he means.

There is one other question I should like to ask. In the memorandum to which the minister referred, it was stated that this proposed new high level bridge over the south channel would cost $8 million whereas the other one over Pollys Gut would cost $9 million. In other words, the second one would cost about a million dollars less even though one would normally think a high level bridge would cost more. However, this proposed high level bridge only involves highway traffic, whereas the first bridge involves railway traffic as well as highway traffic.

Mr. Marler: Yes, that is quite right.

Mr. Nesbitt: Are there any additional amounts for which the authority would be responsible besides the $8 million to be expended on the bridge?

Mr. Marler: The $8 million and the $9 million to which I referred were the over-all costs. I believe our own technical people consider the $8 million figure, if anything, a trifle high. There are greater savings, however, than the $8 million or $9 million figures would seem to indicate. If the hon. gentleman is speaking particularly about the original plan, I think the amount of highway relocation that is involved in bringing the traffic from the bridge over the north channel to the new bridge over the south channel is less and, inasmuch as there is no railway relocation, there are some substantial advantages.

Mr. Nesbitt: The only comment I had on that, Mr. Chairman, was apart from the $8 milion as set forth by the minister, there will be no additional amount to Canada.

Mr. Marler: I do not know whether an exact distribution has been worked out between the two parties of this sum of $8 million to which I referred, but that is not to be paid solely by the St. Lawrence seaway authority. The costs are to be divided between the two authorities. I know of no other costs in connection with this particular aspect of the seaway construction program than are covered by the $8 million.

Mr. Nesbitt: I have one more question. Since the New York Central railway line between Ottawa and Cornwall is apparently to be abandoned—I understand this railway in the past has normally carried wood products from Ottawa and coal—what will the effect be on the upper end of the Ottawa valley of an arrangement of this sort?

Mr. Marler: The first point I should like to emphasize is that the abandonment of that section of line can only be undertaken after an application has been made to the board of transport commissioners and approved by the board. The second point I should like to make is that there has been no passenger service provided over that portion of the line for a very long time. There is, I understand, a very small volume of freight carried over it. My understanding of the matter is that it has been an uneconomic line so far as the New York Central is concerned.

Mr. Nesbitt: In other words, there will be a substitute service.

Mr. Marler: I take it certainly that the Canadian railways would be glad to have any alternative business that may be around. After all, it is principally a matter of moving traffic from Cornwall to Ottawa.

Resolution reported and concurred in.

Mr. Marler thereupon moved for leave to introduce Bill No. 447, to amend the St. Lawrence Seaway Authority Act.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall this bill be read the second time?

Mr. Green: Mr. Speaker, if we could have a look at the bill during the dinner recess it probably could be dealt with at eight o'clock.

Mr. Marler: Mr. Speaker, I much appreciate the offer of the hon. member for Vancouver-Quadra and I will see if it is not possible to send him a copy of the bill. As I said, the bill is in the same terms as the resolution itself.

Mr. Deputy Speaker: Second reading will take place later this day.

Some hon. Members: Agreed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I move that this bill be read the second time.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Authority may construct bridge over Pollys Gut or over the south channel.*

Mr. Nesbitt: Assuming that this legislation passes, as would appear will happen, can the minister tell us when a decision will be arrived at to commence either one of the two bridges proposed?

Mr. Marler: Last Thursday there was a meeting between the Hon. Mr. Chevrier and the other members of the St. Lawrence seaway authority and Mr. Lewis Castle, president of the United States Saint Lawrence Seaway Development Corporation, at which it was agreed that they should proceed with the building of the high level highway bridge over the south channel if parliament took the necessary action to approve this change in the powers of the St. Lawrence seaway authority. I know of no reason to believe that there has been any change in the thinking either of the St. Lawrence seaway authority or of the United States Saint Lawrence Seaway Development Corporation.

Mr. Nesbitt: Will any legislation be required to be passed by the United States government?

Mr. Marler: My understanding is that no legislation is required.

Clause agreed to.

Bill reported, read the third time and passed.

INCOME TAX ACT

The house resumed, from Monday, July 30, consideration in committee of Bill No. 418, to amend the Income Tax Act—Mr. Harris—Mr. Robinson (Simcoe East) in the chair.

On clause 1.

Mrs. Fairclough: Mr. Chairman, last night when we were discussing this clause the minister answered a question with regard to uniforms and stated that uniforms for firemen and policemen were not considered by the tax department. I wonder if he would tell us what other classifications of employees are allowed uniforms other than the armed forces?

Hon. W. E. Harris (Minister of Finance): I am not aware of any persons other than those in the armed forces who are given clothing as part of their payment and who are charged for it.

Mrs. Fairclough: There are other persons who obviously must wear uniforms in the performance of their duties, such as waiters, waitresses and musicians. Why are those people not given consideration with regard to uniforms when firemen, policemen and members of the armed forces are?

Mr. Harris: I suppose this is one of those questions the hon. member has in mind with respect to so-called self-employed persons as compared with those who are employed by others?

Mrs. Fairclough: Not necessarily.

Mr. Harris: Where an employer provides clothing and it is on a minor scale such as we have discussed it would not be a matter of concern in taxation. On the other hand, if an employer who was the owner of a restaurant required that the waiters wear a certain kind of clothing while working in his restaurant but did not provide it, I presume that that person would be a free agent to take the

employment or not as he chose. He would know that the cost of providing that particular clothing would be part of his cost in taking the job in question.

Mrs. Fairclough: Of course anyone in this country is pretty well a free agent with regard to the type of employment he takes. The minister will recall that in recent years quite a few cases have gone to appeal, mostly concerning self-employed persons. Many of these cases had to do with musicians. One man may form a band and employ a dozen men to work for him and the clothing they are required to wear on the job is of no use anywhere else. Yet they are told that those are working clothes. But the clothes worn by the policeman or fireman or the member of the armed forces are also working clothes. Why should there be any distinction between one class of employee and another?

Mr. Harris: When I became a minister of the crown I found that on occasion I had to wear a silk hat. I had to buy it and I did not claim a tax deduction.

Mrs. Fairclough: Would the minister consider that as part of his working clothes?

Mr. Fleming: Mr. Chairman, just at the close of the discussion last evening I asked the minister if he would reconsider this clause, particularly the words "of any kind whatsoever". The explanation given by the minister for seeking such an amendment certainly does not justify words as wide in their application as these. Surely the matter warrants some reconsideration.

Mr. Harris: I have given some consideration to it. It is not intended of course to use these words to extend the present tax which is imposed under certain conditions. Two cases were heard by the income tax appeal board and in one instance it was held that these words did not restrict the benefit that might be taxed to board and lodging and in the other case it was decided that they did. Rather than wait until we find we have lost the assessments in connection with a particular class or group of taxpayers it was decided to provide in the law that the present assessments which were of the kind I mentioned last night, that is gifts of furniture and matters of that kind, would continue to be assessed with the sanction of the law.

I am free to admit that if one could draft a clause which would set out all the known kinds of benefits that are given by employers it would be more desirable, but these fluctuate from time to time and are very numerous. I suggest to the committee that we do this on the basis that I have suggested, namely that we do not intend to extend the present practice of assessing every kind of benefit I described last night, and then if at a later time it is brought to my attention that there has been an increase in the class of gifts or benefits provided for I will agree that that was not intended and we would then have an amendment to provide for it specifically. If we tried to define the several kinds of gifts we would only end up as we are now with having to have some general clause which in itself would be just as broad and as indefinite as the present words in this.

Mr. Monteith: I am very pleased that the Minister of National Revenue is here tonight to hear the Minister of Finance's words because after all he has gone on record as saying that he follows the letter of the act. This states "of any kind whatsoever". I am afraid that it will instil in the minds of the tax collection department the idea of doing exactly that. No matter what the intention of the Minister of Finance may be tonight, it is set out very clearly that this is going to authorize the Minister of National Revenue to collect any kind of such benefit, no matter what it may be.

Mr. Fleming: I have just this concluding word to say. We are quite prepared to examine any situation to arrive at a decision as members as to whether it is fair that such benefits should be included within the scope of taxable income or not. The minister has said it is not intended to go beyond the present administration in seeking to define the inclusive nature of certain benefits. If that were all the government wished to do then I do not think there is any case for introducing these words, but, as I say, where there are individual situations we are quite prepared to examine them on their merits.

However, what is proposed in this amendment is that everything imaginable that can be classified as a benefit passing to an employee as a term or incident of his employment shall be construed to be income and therefore taxable. It seems to me the wrong place to put the generalities. Parliament should know with some regard for detail and specific application what kind of taxes it is applying, and not enact this broad omnibus provision when all we have put before us to justify it is in essence one particular situation. If there is nothing more than that by way of protection for the individual in this country then we cannot support the addition of those words of wide and sweeping scope to the present definition.

Mr. Monteith: May I ask a further question of the minister? Is he in a position to define just what value might be put on board and lodging in any certain circumstances, or is

that left entirely up to the Minister of National Revenue and his department to make up their minds on, as occasion arises?

Mr. Harris: I do not put the valuation on it. The Minister of National Revenue does.

Mr. Fraser (Peterborough): Just within the past year, the teachers in private schools have had their board and lodging graded a little differently. Why was that done? I understand that is a new ruling on the teachers in private schools.

Mr. Harris: None of the officials are familiar with the case. If my hon friend will let me have details, I shall be glad to look into it.

Mrs. Fairclough: As I have said before, I am perturbed about the inequality of these provisions. I cannot see why one group of citizens is taxed in a different manner from another. That goes all the way down the line. It is not only a matter of the articles covered in clause 1, although that is rather wide.

It is all very well for the minister to say, "It is not our intention to go beyond the practices that have been established already by the department", but some of the district offices have varying practices. As a matter of fact, when we were considering in the estimates committee the estimates of national revenue, we had the minister and the deputy minister denying that certain practices took place, practices that we knew were in effect. Obviously the higher officers of the departments themselves do not know what takes place in the district offices and, unless specific cases are called to their attention, would never know.

The assessors go by the book. They must go by the book. You cannot give too wide a latitude at that level. Ministerial discretion is another thing, but if you are going to put these words into this act, then perhaps every assessor in the country will interpret them to mean that every child who walks into his father's store and takes a box of candy for his own use is going to have that added to his father's income. The minister will say that is ridiculous. I shall too, but I have seen instances where just such trivial things were charged to a person as added income. They add up over a period of time. I have heard assessors say, "You must take certain things," or "It stands to reason you would take certain things." They may say, "You must supply yourself with tobacco from the store"; but perhaps the man is a non-smoker. The imagination of these people sometimes makes one gasp. Yet trying to refute the statements of these assessors is a difficult matter. I have every sympathy with them because I know there are a great many people who make a habit of evading whatever they can. It would be natural if these assessors should be suspicious on occasion, but I do not know why they should be suspicious of everyone in general until they have had some cause to be. This is a situation which obtains in every tax division office of which I know. If you are going to put these words into this act you are going to open the floodgate for all sorts of assessments against taxpayers who are not in a position to defend themselves.

Mr. McCann: I cannot agree with the hon. member for Hamilton West when she states that the officers in the head office do not know what is going on in the district offices.

Mrs. Fairclough: All you have to do is to read the proceedings of the estimates committee.

Mr. McCann: No. The directives are sent out from the head office to all of the district offices, and there is a uniform interpretation which exists from coast to coast.

With reference to the amount which is regarded as income for board and lodging, that is fixed largely by the current rates in the community. For instance, there are some mining communities where they pay a wage, and a man has to make his own arrangements for board and lodging. In a mining camp I was in only a few weeks ago in the Blind River district, the rate is $2 per day because that is the current rate in that community for board and lodging. So I think it is hardly fair to state that we do not know what is going on in district offices, because we do. We would not have much of a head office if we did not know. As I have said, directives go out which interpret the law according to the law, and those directives are the same in every district office.

Mr. Monteith: Mr. Chairman, I do not know whether this is quite in order or not, but I know you will certainly correct me quickly enough. I wonder whether I might put a question through you and through the Minister of Finance to the Minister of National Revenue. I should like to have the Minister of National Revenue go on record as agreeing with the Minister of Finance to the effect that they would not fulfil this wording suggested, that is, "the value of board, lodging and other benefits of any kind whatsoever".

The Minister of Finance has said that it is not the intention to collect on every item there is and actually to enlarge on the present situation at all, but I should like to hear the Minister of National Revenue agree that that will not be the intention of the Department of National Revenue despite the fact

that he has gone on record as admitting that they followed the letter of the law in all their collections.

Mr. McCann: That is quite true. We do follow the letter of the law. That is the reason that the law is made. We have something that is a yardstick by which we can measure cases generally or any particular case, and if a person receives a benefit that has a monetary value it is taken into account and is regarded as income which is taxable.

Mrs. Fairclough: Mr. Chairman, that fixes it.

Mr. Monteith: May I put another question in this roundabout way and ask the Minister of National Revenue if it is his intention not to make any change in the present procedure?

Mr. McCann: I think I can safely say that there is no particular change contemplated.

Mr. Fleming: Oh, that is a mouthful, because we had a good deal of discussion about this last night, and the whole case made out by the Minister of Finance is that there is a need for enlargement of the definition of "benefit" in this section. If there is no need for enlargement then there is no occasion for bringing this clause before the house for enactment. Presumably some change is sought and the change must be sought for a purpose.

I must say to the Minister of National Revenue that I think he is perfectly right in saying that it is the duty of his department to enforce the law according to its terms. I do not see how he could do anything else or how it would be proper for the department to take any other position.

But when the Minister of Finance throws out the bait tonight that even if the amendment is passed and the scope of the definition of "benefit" is enlarged it is not the intention of the government to expand the present operation in this respect, then I think he is taking in a lot of territory tonight. I do not see how he can give an undertaking that will have any binding effect in any situation that may arise. He did offer the house a statement that if situations arose that may not have been within present contemplation he would give consideration to them, but I am suggesting that is the wrong way to go about this and it is putting the cart before the horse.

Surely the proper way to proceed is not by a blanket definition to include within the scope of taxable income everything that can by any stretch of the imagination be construed as a benefit under the words "of any kind whatsoever". Surely the proper procedure is for the government, in asking parliament to impose taxation, to bring forward and make out a case for it. The case that has been made out by the minister is in a particular circumstance only, not a case for a wide inclusive extension of the definition. May I say to the Minister of National Revenue that if this section were put into effect I think he would have no alternative but to enforce its full effect. It would be his duty, charged with the administration of the act, to find any benefit of any kind whatsoever that an employee receives as a term or incident of his employment, and, regardless of what the Minister of Finance has said, it would be the duty of the Minister of National Revenue to go ahead and assess. That is why I think we are being asked by the government tonight to take an altogether wrong procedure in enacting a definition of such a widely inclusive effect when no case has been made out for it and, Mr. Chairman, we in this part of the house cannot support it.

Mrs. Fairclough: The minister made quite a case for these words, saying that it was not the intention to enlarge their application, as has been suggested, and the Minister of National Revenue stands up and says just the opposite—

Mr. McCann: How?

Mrs. Fairclough: —that the department must go by the book, that they are going to enforce this according to the words which are in the act, which is the very thing we told the Minister of Finance would happen. But quite apart from whether or not the Minister of Finance and the Minister of National Revenue can come to an agreement at this time, which they probably could do, these words are going to be in the act for all time or until such time as the act is amended and they are taken out. In that connection I draw to the minister's attention that the senior officials in his own department have a rather deplorable record for accepting jobs elsewhere and it could very well be that in a few years the people who have listened to him will no longer be in positions where they will be administering the act. The same holds true of the Department of National Revenue.

In any event, whatever the causes may be, it is quite within the bounds of reason that within a very few years we will have new people in these departments administering the act who will have no recollection of any agreements or undertakings made with the Minister of Finance or the Minister of

National Revenue with regard to the interpretation of these words. I think the words are dangerous. It is dangerous to put such broad terminology in the act, and personally I cannot support it at all.

Mr. Hahn: There is another factor that I think is fairly important and that is the interpretation that might be put on this clause by an individual filling in his own income tax return who feels that it is his responsibility to make a note of any and all funds that he receives by way of benefits of any kind whatsoever. Let us say that he includes them in his return and pays his income tax. He has only a matter of one year in which to ask for a rebate when he finds that his neighbours did not include such items and did not have to. I am wondering whether the finance department will take it upon itself to notify these people immediately that their contribution in that regard was not necessary and therefore they are entitled to a rebate.

Mr. Harris: Mr. Chairman, if we get to that point I am going to move that the one year become two years.

Mr. Leboe: Mr. Chairman, I am still opposed to this clause being as wide open as it is, and I think it is only in the interests of the administration that the gap be closed a little bit. I can recall a situation where used equipment was classed as secondhand equipment but when the time came that it was convenient to enlarge the interpretation of the act it actually happened that new equipment was classified as secondhand equipment because it had gone into the possession of a second party. The Minister of National Revenue has said that he is going to implement the act as it stands. He has no alternative but to do so, and I think that the Minister of Finance is letting himself in for a lot of grief here. I think we in the opposition are really trying to help him a whole lot. I have in my pocket a letter that reached me today and it has to do with a case where an arbitrary assessment has been made already. In these cases the onus is on the individual to prove that the money is not owing. If a man is faced with such an assessment and has no money, what happens? He is placed in an impossible position.

All the assessor has to do is to say, "I am assessing you so and so", and that is it. There is an appeal, of course, and if the person has enough money to go ahead and appeal the case he may get some redress, but the onus is on the individual. If the onus were on the taxation department to prove the assessment first it would be a different situation, but that is not the case.

I think it is going too far to leave this clause as it is. If there are two or three cases, as the minister said, that need to be covered, surely they can be spelled out.

Mr. Monteith: I am going to suggest that the Minister of National Revenue change places with the Minister of Trade and Commerce temporarily and that the Minister of National Revenue and the Minister of Finance get their heads together and see if they can come to some agreement. The Minister of National Revenue says that he has to follow the letter of the act. If this amendment goes through the letter of the act will read, "the value of board, lodging and other benefits of any kind whatsoever." The Minister of Finance says that that does not mean certain things, that there will be no change from the situation that exists at the present moment. I certainly think some definite understanding should be given to the house so that the people of Canada will know where they stand.

Mr. Hees: I think the hon. member has made a very constructive suggestion. Unless the Minister of National Revenue gets over where he can listen to the Minister of Finance tell him how he is to administer the act which the Minister of Finance is passing for him, how in the world are we ever going to get any sense out of this thing?

The Chairman: Is the committee ready for the question?

Mr. Nesbitt: No. Mr. Chairman, I was a member of this house who sat on the special committee on the estimates which inquired into the activities of the Department of National Revenue. Like the hon. member for Hamilton West, the hon. member for Perth and other hon. members, I cannot help but feel that these words "of any kind whatsoever" will give a great deal of scope to some of the junior individuals in the various tax offices of the Department of National Revenue. As the minister told us in committee with respect to the senior officials, they knew what was going on in every branch of the department. They may send out regulations. That is quite true. But these regulations are interpreted differently in different offices. As I recall the hearings of that committee, evidence was presented—I know it was presented by myself, and as I recall it it was presented by several other members—to the effect that some of the junior officials in the branch offices of the Department of National Revenue, albeit succession duty offices or income tax offices, certainly seemed to have the attitude—or at least we were certainly led to believe that they had—of "get all you can". If words like these are put in

the act I cannot see how some of these overzealous types in that department will not just try to do that and get all that they can. I think we must be very careful before these words are passed by this committee.

The Chairman: Is the committee ready for the question?

Mr. Churchill: No, Mr. Chairman. I should like to protest with the others who have protested against these words. I have been examining what was said last night by the minister in connection with the matter. I am surprised that in the interval he did not think up and make some modification. Last night the committee suggested that he think the matter over and modify the present wording. He has not done that. Now he is just sitting there in that determined fashion, resolved that no change shall be made. I suggest that is not good enough. Study of a bill in committee serves an extremely useful purpose. Already today and yesterday we have had bills studied in committee, with changes made and alterations accepted. It is in committee that there are pointed out inaccuracies in drafting, in wording or something like that. It is quite customary for ministers to recognize the fact that they themselves have not seen every aspect of a situation and that perhaps other minds applied to the same problem had something to contribute. I think something has been contributed to the discussion last night and tonight with regard to this wording. But what is contributed by the minister? As reported at page 6707 of *Hansard*, when he was dealing with this matter in the first instance, in reply to a question he said this:

> With respect to the other question, we have in mind other forms of benefits that might be derived in the normal course of employment other than board and lodging.

I draw attention to that expression "might be derived". I do not know just who is going to make that decision. Then, as reported at the bottom of that page, the minister goes on to say this:

> . . . whereas there might be a benefit in connection with the employment quite apart from board and lodging which ought to be taxed, . . .

If it ought to be taxed, this is the institution that should say it ought to be taxed, which should do it in clear words and not leave the matter open as it is here. If the minister wants to leave the matter wide open, why did he ever bother to put in "board and lodging"? Why not just say "any benefits of any kind whatsoever received or enjoyed in respect of the course of employment"? If you are going to spell out things that should be taxed, include them all and name them. But this wide open phrase merits all the criticism that has been offered to it tonight. It is not beyond the capacity of the minister to let this clause stand and go on with other clauses. In the interval he might try to come up with some specific wording. I do not think it can be argued that those who have spoken before me have not shown quite clearly that there is a danger of abuse in wording of this nature. Who is going to make the decision? Will it be the Minister of National Revenue or will it be some junior officer going about the country? Who is going to say that something is going to constitute a benefit and that it has been derived in the normal course of employment, and that it ought to be taxed? If it ought to be taxed, parliament should say what should be taxed. Surely it is clear that over the years taxation measures must be amended from time to time. Evasions of taxation laws have occurred in the past. Loopholes must be plugged. This process goes on continuously. It may well be that next year it will be necessary to bring in some amendment. But let us not bring in a carelessly worded phrase such as this one which puts the discretion, so far as we know, in the hands of very junior officials to determine what tax a person is going to pay. The voice of the taxpayer must be heard in the land, and this is the place for it to be heard. We suggest to the minister to let this clause stand for further consideration.

Mr. Zaplitny: Mr. Chairman, I have been trying to look at this section objectively and perhaps the question I intended to ask would be better addressed to the Minister of National Revenue. Has the minister or have his officials experienced any particular difficulty in administering the act as it stands without these words being added "of any kind whatsoever", or in other words with the wording "the value of board, lodging and other benefits"? I think that the committee might be assisted if the minister could give us some concrete examples of the kind of difficulties he may have had, if any. Of course, if there have not been any difficulties, I see no reason at all for having these words added.

Mr. Harris: Mr. Chairman, might I answer that question? If my hon. friend will read the record of last night's proceedings, he will see that I referred to the case of refrigerators. That is the kind of thing that has been given by employers to an employee, which we have been taxing and which we should continue to tax.

Mr. Zaplitny: Mr. Chairman, I see no difficulty at all there. The act reads "the value of board, lodging and other benefits". Certainly if it is considered that the gift of

refrigerators was a benefit or an additional benefit, where does the difficulty arise?

Mr. Harris: As I have already said three times, the difficulty arises in that the income tax appeal board has thrown doubt on the use of the words "or other benefits". They have suggested that these words relate only to board and lodging or something like board and lodging and not to refrigerators or something completely different from board and lodging.

Mr. Nesbitt: In view of what the minister has just said, would he say that the suggested wording of the act would go so far as to say that employees in factories and so on would be charged income tax on their Christmas turkeys or something like that?

Mr. Harris: Of course not.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Mr. Zaplitny: I want to ask one other question. Further down in the same clause we read these words "received or enjoyed by him in the year in respect of", and so on. What is the distinction between the words "received" and "enjoyed"?

Mr. Harris: I have only a layman's knowledge of this matter. These words have been part of the act for some time. I think "received" and "enjoyed" are synonymous terms that have been part of the taxing statute since I have known of it. But I will look up the definition in order to see whether there is anything unusual in it.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

The Chairman: Those in favour of clause 1 will kindly rise.

Clause agreed to: Yeas, 59; nays, 26.

Mr. Monteith: Just in passing, I wonder if the Minister of National Revenue would now send a directive to all his district offices instructing them not to change their present method of assessment in any manner whatever?

Mr. McCann: We will wait until the act is passed.

On clause 2—*Supplementary unemployment benefit plan.*

Mrs. Fairclough: I wonder if the minister would give us an example of what is meant in clause 2, paragraph (1), with specific reference to the term "with whom the taxpayer does not deal at arm's length". In what way would an employee's profit sharing plan benefit the employee through—I suppose it is a subsidiary corporation that the minister means?

Mr. Harris: Yes, there are other references later in the bill to a situation in which one corporation might make a contribution to a subsidiary corporation and that is described in the words, not being at arm's length.

Mrs. Fairclough: For the purpose of profit sharing?

Mr. Harris: For the purpose of the pension only.

Mrs. Fairclough: But this says profit sharing.

Mr. Harris: And profit sharing, yes.

Mrs. Fairclough: Does the minister have a specific instance in mind? Could he describe one?

Mr. Harris: If a parent company established or had a profit sharing plan and desired that a subsidiary would also have such a plan, it might find it convenient to make a contribution to the fund in the first place, and the purpose of course of this clause is to tax the amount received should that fund pay money back to the taxpayer which, when it had been paid in, was tax exempt.

Mrs. Fairclough: Well, the taxpayer would not pay anything into a profit sharing plan.

Mr. Harris: That is the point; if you had an employee's profit sharing trust, and out of that trust moneys were paid back to the taxpayer—we do not anticipate it, but if it were it should be taxable then because it was non-taxable when it went into the trust fund.

Mrs. Fairclough: Taxable in whose hands?

Mr. Harris: In the hands of the corporation.

Clause agreed to.

On clause 3—*Employer's contribution to pension fund.*

Mr. Fleming: May I make a request on a matter of procedure? Clause 3 has 10 subclauses to it and I wonder if, for convenience, seeing they relate to such a wide variety of matters and many of them quite dissimilar, you would call the subclauses in order? I think that will make for a more orderly procedure.

Mr. Harris: I agree because I have a number of amendments to move to the various subclauses.

The Chairman: That will be for the purpose of discussion only, and then the whole clause will be carried at once?

Mr. Fleming: There will be amendments to some of the clauses and I do not know whether it would be more convenient to vote, if necessary, on the subclauses. I think it would make for more orderly procedure.

Some hon. Members: Agreed.

On clause 3—*Subclause (1).*

Mr. Fleming: While this does not directly involve the matter of deductions and contributions to pensions by self-employed persons in well recognized groups, I think it would be desirable if, after the discussion there has been on that particular subject, the minister had something to say about it. It was mentioned on second reading and in the general discussion on clause 1. This particular clause does relate to the same section of the act, section 11, in relation to deductions and pension contributions. I wonder if the minister would not say something on this subject because it is a matter, as he well knows, of widespread interest. There have been many representations made to him by well recognized professional groups and others, whose pleas have been before the department for some years, and I would respectfully suggest there should be some statement from the government at this time.

Mr. McMillan: I want to deal with this for a minute. Earlier this session I had a notice of motion on the order paper, but it could not be reached. It had to do with the vesting of pension rights in the different pension plans presently in vogue in Canada. I am concerned about Canadians who, by their work, have built up an equity for later payment to themselves and who cannot or are unable to meet the number of years of service required or are unable to work to a certain chronological retiring age, or both. The two pension plans are contributory or non-contributory on the part of the employee.

In the latter case, the employers pay the contribution for their employees. These arrangements, of course, are generally the result of a contract or agreement between management and labour. The requirements to meet a pensionable retiring age are necessarily based on a certain number of years of service. I am not concerned with those who are able to meet those requirements but with those who through their service have built up an equity in the non-contributing pension fund or the non-contributing part of a pension fund, who, for one reason or another, have failed by not more than a year or so to meet these requirements. I realize that the employee in a contributing plan can recover his own contribution, but I am not aware that any employee ever recovers any money paid into the pension fund on his behalf by employers. The amounts of money involved are large and vary, of course, with the different pension plans.

Now, as an example, an employee in a non-contributing plan who just falls short of being eligible for a pension of $100 a month at 65 years of age misses a capitalized pension of something over $13,000. This capitalized amount, of course, varies with the type of plan, the age at retirement, and in a contributing plan of course would be less. I realize that pension plans were started by companies to provide an incentive for their employees to remain in their employment for a number of years and to reward their employees for a lifetime of service. I have nothing but praise for the companies who so reward their employees. You might ask why the government of Canada should be interested in these pension plans.

First of all, the contributions made toward these plans are free of income tax. Our federal treasury forgoes large sums of money by way of income tax collections in respect to the non-contributory plans and the non-contributory parts of plans. In recent years the income tax on the net earnings of large corporations has been in the neighbourhood of 50 per cent. The people of Canada are therefore subsidizing the various pension plans to the extent that income tax is now collected in respect of the contributions toward these plans. The government of Canada should therefore see that pension plans are put to the best possible use for all Canadians generally.

There are various reasons why a workman might not be able to complete his service up to retiring age and thus qualify for a pension. I can think of different medical reasons. One very common reason is coronary insufficiency. A man might be able to do a very light job but if it requires sudden expenditure of energy he will develop cardiac pain and be forced to quit work. Also in industry we get workers with allergies of the skin and of the respiratory system. I have seen workers in a plant where they have changed their process and used different chemicals and gasses develop respiratory allergies or irritations. These men are not actually sick but they are too miserable to continue at their work and they have to quit.

A man might lose his job because of an altercation with his boss. I have also seen a case in a rather small plant where they had a pension plan and when they sold out

to new owners the new owners brought in their own workmen and many of the old workers were discharged and therefore lost out on the pension plan. There are many other examples I can think of where employment is terminated particularly for medical reasons.

Often these terminations of employment come after the age of 45 at which time the worker is too old to find other insurable employment. He cannot go to another factory because in most cases their pension plans are such that it would not be economical to hire him. These workers when they are laid off obtain seasonal employment. They work at a multiplicity of jobs in the summer time and they frequently do not earn enough to keep themselves and their families during the winter. If sickness comes to them or to their families they fall back on the provinces and the muncipalities to pay the cost of their sickness. I have seen various workers who have fallen on the local authorities for relief.

Under the regulations of the Income Tax Act a worker would have a vested right in a pension after 20 years of service. This worker, however, has been helping to build up the equity in that pension plan from the early years of his service in the company.

I would like to ask the Minister of Finance if some means could not be found whereby a worker would have some fractional interest in the equity of a pension plan in the later years before it matures at 20 years. For instance, he would have some financial interest after 15 years or something of that nature. I would like to see this apply as a matter of right particularly in those cases where the workman's case is just and the termination of service is quite beyond his control.

Practically all our Canadian companies and particularly our large ones with which I am familiar are very generous with their workmen in this respect. However, some of our smaller companies that have pension plans cannot be so generous because they do not have a multiplicity of light jobs which they can give to men with certain disabilities particularly if they have to stay on light jobs permanently.

Although I do not think it comes under this section, while I am on the subject of pensions I might say in a sentence or two that there are many Canadians who cannot avail themselves of a pension plan in which contributions would be exempt from income tax. Many of these people have very modest incomes, as was pointed out last night by the hon. member for St. Paul's. I think the hon. member included doctors. I believe these individuals should have the same right as their fellow-Canadians in this respect.

Mr. Herridge: Mr. Chairman, I was most interested in the remarks made by the hon. member who has just taken his seat and I was extremely pleased to note that he has given some consideration to a problem that is concerning thousands of industrial workers in Canada.

I rise at this time because this is a problem that concerns thousands in my constituency and I know that other hon. members in this house are also concerned with this question. I am aware that the hon. member for Kootenay East is concerned, as I am, about the matter and I have worked with him on this question during the last session and this one.

For many years industrial workers have been interested in some form of industrial retirement pension to give them some measure of security in their old age, and in response to that even prior to the war many of the larger companies established pension plans, particularly companies like the Consolidated Mining and Smelting Company, the International Nickel Company, the railway companies and other large companies. Since the second world war, however, interest in these plans has developed, so far as I can see, by leaps and bounds and particularly since what I consider the very favourable exemptions on account of investment in pension plans.

I think it is because of that investment, as the hon. member who spoke prior to me referred to, that the governments have a considerable interest in the terms, provisions and operation of these pension funds. This interest was indicated, I think, when the Department of National Revenue issued a blue book dealing with taxation and pension plans over the signature of the Minister of National Revenue, who I am pleased to see is here this evening. However, from what I understand, this booklet was never widely circulated. In fact, few unions had knowledge of it although the union which is the largest one in my constituency, the International Union of Mine, Mill and Smelter Workers in both Kootenay West and Kootenay East, was well acquainted with it. The union to which I have referred used the provisions of part 10 (b) of these regulations published over the minister's signature in submitting the union's case before a conciliation board in Vancouver in 1953. I just want to briefly refer to this booklet because I do not intend to take the time of the house at any great length.

In the foreword to the booklet of principles and rules issued by the taxation division, the Minister of National Revenue states:

> The approval of employees' superannuation or pension funds or plans will be governed by the principles and rules published herewith. These will extend and apply to the continuing approval of plans now operating as well as those which may be established in the future.

The next clause in the minister's regulations, which concerns a number of industrial workers, is clause 10(B), which reads:

> The right provided by employer contributions must vest in the employee with a determinable period, and particularly on the attainment by the employee of an age which would prejudice him in the event of severance from the employment. Therefore, vesting should be absolute upon attaining age fifty subject to a minimum period not exceeding twenty years of service or participation.

Those regulations indicate that the department considers it has a responsibility to approve pension plans as against the explanation given by the minister last evening. I think it is quite right to say that this thing certainly gave a strong impression of having the force of law, especially to a layman like me and a good many other people. Mr. Lowery, chairman of the conciliation board which dealt with the union's problems in 1953, a retired civil servant who had been a collector of customs on the Pacific coast and who was also a qualified lawyer, held that the booklet was binding on the government as a statement of policy. As a result this conciliation board ruled that the pensions were negotiable and that pension vesting was a binding commitment as established under part 10(B) of the rules and regulations as put out by the Minister of National Revenue.

I might say that the International Union of Mine, Mill and Smelter Workers was the first and only union to appeal to the government to enforce its own declared policy by giving approval to pension plans set up according to the blue book issued by the Department of National Revenue. However, other labour unions have become interested in this problem and this year a special resolution was introduced at the recent merger convention which formed the Canadian Labour Congress by the Vancouver street railway employees' union. This resolution was widely supported in the convention and was approved by the resolutions committee, but because of insufficient time with which to deal with it it was referred to the new executive along with a number of other resolutions.

At the request of the membership of the union in Kootenay East and Kootenay West the co-ordinating committee of the union representing the union negotiating committee, prior to negotiations with the Consolidated Mining and Smelting Company, met with the Minister of Fisheries—I must say that they spoke highly indeed of the careful consideration and attention given by the Minister of Fisheries to their representations of the problem that concerned them on this occasion—and other members of the house as well as two officials of the Department of Finance on May 11, 1955. The union representatives presented their case, they had a good hearing and the matter was thoroughly discussed.

On July 26 last year I raised the matter in the house at the request of the organizations in my district. In reply to my representations the minister quoted the closing paragraph of his latest letter to the union. The union had written to the minister what I considered to be a very excellent letter in connection with this matter and this is what the minister quoted:

> I should advise you, however, that early in this year I gave instructions to my staff to prepare a study of pension plans in so far as the Income Tax Act is concerned having in mind possible amendments to the act, and regulations, and this is proceeding. No change in present practice will occur until this study has been completed.

Then the minister went on to say:

> So the matter is under advisement and consideration at the present time.

Representatives of the union met the Minister of Finance and other members of the house this spring and again urged the department to enforce the regulations with respect to pension plans. When the union negotiating committee for the Consolidated Mining and Smelting Company employees in British Columbia met with the company officials to consider a new contract this spring the committee refused to negotiate on other matters until the company had agreed to establish vesting rights in the pension plan, and only when this was done by the submission of a letter to the presidents of locals 480 and 651 did negotiations proceed to a settlement. I am going to put that letter on the record because it is the first letter of its kind in connection with negotiations between a company and union in Canada. The letter reads:

> Trail, British Columbia,
> 9th May, 1956.
>
> Mr. A. King, President,
> Trail and District Smelter Workers' Union,
> Local 480, I.U.M.M. & S.W.,
> Trail, B.C.
>
> Mr. R. C. Thompson, President,
> Kimberley Mine and Mill Workers' Union,
> Local 651, I.U.M.M. & S.W.,
> Kimberley, B.C.
>
> Dear Sirs:
>
> This will confirm that it is Cominco policy to grant leave of absence to an older employee of long service who is obliged to discontinue his

active employment for a reason beyond his control. The granting of such leave is not confined to any specific age or service requirements but subject to the leave being for an acceptable reason, an older employee whose age and service reaches a total of 80 or more is automatically granted this privilege and any older employee whose service is of the order of 20 years is also generally given favourable consideration.

Leave does not extend beyond the employee's 65th birthday, and in any case leave is not granted if the reason for discontinuance of employment is discharge for cause or voluntary severing of employment.

Yours truly,
E. Benson.

Mr. Benson is one of the senior officials of the company. It was fortunate that the company recognized the concern of its employees in this matter and—I have discussed this at length with the hon. member for Kootenay East who is just as concerned about this matter as I and who has a closer relationship to the actual conditions under which the men are working as he has worked as a miner—the terms of the blue book part 10(B) are largely carried out by the leave of absence provisions included in the letter from the company to the union.

However, while the employees are glad to have this further measure of security they are still waiting for the government's decision after this very lengthy consideration of this issue because they believe that under present circumstances vesting rights should be assured by law. The group of which I am a member have for years recognized the increasing necessity for a national industrial pensions policy and plan and have urged the government repeatedly to take steps to implement such a scheme. As the years go by the government and the public and the employees concerned have an increasing stake in these pension plans because of the great investment of public funds by virtue of income tax exemptions.

The letter of the Consolidated Mining and Smelting Company is a concession by the company in the matter, and other companies I am told are beginning to recognize that the present piecemeal industrial pension arrangements in Canada are not adequate. I should like to read from an article which appeared in *Motor Carrier* of June 1956 dealing with industrial pensions in Canada and reading as follows:

"Mobile Pensions" Scheme Creeps Closer to Canada

"Mobile pensions" a scheme whereby a worker whose employer sets aside pension money for him can carry his accumulated pension credits from job to job, got a significant boost this month when 1,500 employees of Libby, McNeill and Libby went back to work at five west coast (U.S.) canneries after a two-week strike. They voted approval of an agreement between the big canning company and a Teamster affiliate, the Western Council of Cannery Workers, which provides a transferable form of retirement pay.

Retirement counsellors claim the notion of mobile pension benefits is "the coming thing". (Like unemployment insurance reserves, they're paid into a worker's account and if the worker moves to a new job, his built-up reserves move with him.)

I mention that to indicate the increasing interest of industrial workers in some mobility of pension plans and some development of law in relation to public investment in these schemes. I know that the officials of the Departments of Finance and National Revenue have been making a study of pension plans, in so far as the Income Tax Act is concerned, for about 18 months. Both employers and unions have made representations to the ministers and to officials. But, in my opinion and in the opinion of the members of this group, under present conditions this is a totally inadequate approach to this important and growing problem.

We believe that, in view of the public investment in industrial pension plans, it is the responsibility of the government to recognize the fact that the time is ripe for the development of a national industrial pension policy and plan so that in the future it will be part of our whole, shall we say, pension scheme structure in this country.

I am just going to make one brief suggestion before concluding. Because of the present conditions and our understanding of them, we suggest that a special parliamentary committee should be established at the next session to study this question, to hear evidence from employers and employees' representatives and others concerned, and to make recommendations for the bringing into effect of a national industrial pension scheme that will provide the security that the workers of this country are entitled to in this era of expanding production and increasing wealth.

I have hurried through what I have to say as quickly as possible in order to detain the house no longer than is necessary, but this is a much larger problem than rendering a verdict on a book of rules published by the Department of National Revenue. I think we have to face this thing. I am sure that if the government were able to get the employers and the unions of this country to get together and make recommendations that would make it possible for this house to establish a national industrial pension plan, it would not only benefit the employees concerned but would benefit the people as a whole, because we would then have a rationalized and established system of retirement allowances that would place on individuals some responsibility for looking after their future.

Mr. Cavers: I should like to support the proposition put forward by the hon. member for Welland earlier in this debate. In our district in recent years, pension plans of this kind have been most popular where employees and employers have, to the benefit of both entered into pension plans. Within the past month or six weeks, I have had two cases brought to my attention; one where an employee was obliged to leave his employment because of illness, as suggested by the hon. member for Welland. The employee had built up a considerable equity in his plan. It was necessary for him to waive payment of the whole of the equity that had been contributed to this plan. Then in another instance an employee had felt that he might benefit to some extent by leaving the employment of his former firm and taking a position with another establishment. In that instance he informed me that after 20 years' employment with the original firm he was obliged to forgo payment of the equity which he had built up.

I urge the minister to work out some better system of proportionate vesting of the equities of these employees. I am sure it would be very helpful to the employees and that it would meet with the approval of the unions and various industries in which these pension plans are popular. I know it would do a great deal not only to provide for a more steady employment among the employees, but the employees would feel that when they become associated with a firm they are not necessarily obliged to stay with that firm during the continuation of the plan. It would do a great deal to assist in industrial husbandry throughout the country.

Mr. Sinclair: I rise to speak very briefly on this issue, one reason being because of the reference made to me by the hon. member for Kootenay West, in which he referred to my interest in this matter as Minister of Fisheries. It is not as Minister of Fisheries but rather as a minister representing British Columbia and, even more important, perhaps, as the member for Coast-Capilano.

Mr. Herridge: I should have pointed that out.

Mr. Sinclair: I have been interested because my riding has one of the large mines of the nation, Britannia mines, in which before the war I worked as an employee. As a minister, of course, I made my representations on this matter privately to the Minister of Finance. However, I am rising to speak on behalf of my friend and colleague, the hon. member for Kootenay East, to whom the member for Kootenay West has very generously referred. I think members will agree that there have been few more diligent and attentive members in discussions this session than the hon. member for Kootenay East, who has been here from the beginning of the session long ago in January. Unfortunately, for a day or two he has been back in British Columbia because of family responsibilities, but as a miner himself and as one time president of the International Union of Mine, Mill and Smelter Workers in the great mine of Kimberley, I cannot think of any issue which he has pressed more consistently and more vigorously with the Minister of Finance, and myself as minister for British Columbia, than this issue.

I am sure that the minister wants to be reminded of that fact and the responsibility he has about this apparent inconsistency between this book of instructions which the member has mentioned and the law as it stands. I should just like to remind the house, since the member is not here, that this has been one of the issues he has stressed very vigorously because his feelings in this matter are like those of the hon. member for Kootenay West.

Mr. Fleming: I should like to ask whether the minister will give us the information he was asked to give us earlier.

Mr. Harris: We might as well dispose of both points on paragraph one. The first is with respect to the deduction for income tax purposes of moneys that may be paid by the self-employed by way of annuities and the like. As the hon. members for Eglinton and St. Paul's said, not only in this debate but in the one a year ago, this is a problem which is becoming more acute, and was becoming a year ago more acute, both in the United States and in the United Kingdom, and is a matter of great study in Canada. In the meantime, as the hon. members have said, the chancellor of the exchequer in the United Kingdom has introduced a bill providing for certain deductions by the self-employed where they invest money in annuities under certain circumstances; within certain limits they may then deduct the money for income tax purposes. My understanding is that a somewhat similar plan, though different in many details, is being considered by congress.

In my case, I said a year ago it would be my intention to study not only the representations made but also the plans that might be worked out by the two other governments. I have been doing that, but unfortunately I am not yet in a position to suggest to my colleagues, and consequently to parliament, any change in the law, at least at this session.

The problem is one not only of income but, of course, of trying to balance the benefits that would accrue to the self-employed from the deduction with the benefits which

are granted to the other group of people. In so far as the revenue is concerned, I have been told that even those who advocate the plan cannot think of one which they would regard as reasonably adequate, that would not cost the treasury of Canada at the present rates something of the order of $60 million. Other plans are more expensive than that. However, I assure my hon. friend that the study we have been making will be continued in the hope that we may find it possible to consider favourably some of the suggestions that have been made.

With respect to the arguments that have been advanced by the hon. member for Welland, the hon. member for Kootenay West, the hon. member for Lincoln, and also the arguments so generously put forward by the hon. member for Kootenay West on behalf of his colleague from Kootenay East, may I say that I do not think there has been a real misunderstanding about the booklet issued by the Department of National Revenue. At the time the booklet was issued it was a booklet designed to cover by regulations the practice up to that time and to project for the future the regulations covering the practice of deductions by employers and employees for pension funds.

As the hon. member for Kootenay West has said, the income tax provisions have been generous—I think that is the word—so that employers could set aside money for pension plans not only for the welfare of the company in its relations with the employees but also for the welfare of the employees themselves, and since pension plans have grown in popularity and as part of the requirements of modern day union bargaining it would only be proper that the government should recognize that in its tax laws. Perhaps the committee would be interested to know that in the last taxation year for which we have figures over $120 million was set aside by employers for pension purposes and was for that reason an expense of business and not subject to taxation. At the same time individuals set aside about $135 million in the same manner. This indicates that something over a quarter of a billion dollars is being saved for the purpose of retirement and the like in industry today, a remarkable achievement and one which I think will be of great benefit to the economy from time to time. Therefore the government is bound to look upon these plans not only with interest but with encouragement.

In so far as the particular matter is concerned, I think we might just say that both from the standpoint of the employer and the employee there is a desire to have a pension plan that would be within the purview of the Income Tax Act, that would be of benefit to the employee as well as the employer, and that as a government we should not take any action which would prevent the normal growth of understanding between the two in the working out of pension plans which are of great variety and differ from industry to industry and within an industry. Therefore I think it would be unwise for us to lay down too rigid rules which might not be such as could be conformed to by either a union or an employer if they felt that some other form of pension plan would be more desirable.

I do, however, admit that the question of vesting of a pension is one in which I think most employees would feel they had a particular interest and, as my hon. friend has said, we have been studying this for quite some months. We have not been able to suggest anything more with respect to the pension legislation generally than what I have suggested here for the moment, but I do assure my hon. friends that we are looking forward to a general revision of the Income Tax Act in due course, and whether or not that is within the next two years we will continue to study the pension side of the act, particularly having in mind the booklet and having in mind the desire that we have to encourage employers and employees to get together on a pension plan for the benefit of the employees and the employer.

Mrs. Fairclough: I wonder whether the minister would say how they arrived at the figure of $60 million. Would that be on the assumption that every self-employed person who is a taxpayer now would take full advantage of the $1,500 exemption?

Mr. Harris: I have not carried the details in mind but I think it is assuming that the tax law is made available to every self-employed person and that something like about two-thirds of them take advantage of it to about the maximum.

The Chairman: I take it that subparagraphs 1 and 2 are completed. Subparagraph 3? Subparagraph 4?

Mr. Harris: I have an amendment to be moved to subparagraph 4.

Mr. McCann: I move:

That Bill 418, an act to amend the Income Tax Act, be amended by deleting the words "in Canada" where they appear in line 45 on page 2 thereof.

Mrs. Fairclough: May I just say that this is an amendment of which we heartily approve. As a matter of fact, we already had an amendment prepared along the same line, and we are very pleased that the minister has stolen a march on us and presented

it first because we know that when he presents an amendment it has a much better chance of being accepted. We agree wholeheartedly with this suggestion.

Amendment agreed to.

The Chairman: Does that complete the discussion on subparagraph 4?

Mr. Zaplitny: This deals with deductions allowed to persons who attend conventions and I am wondering how universal the words "business or profession" are. For example, do they include farmers who belong to a farm organization?

Mr. Harris: At the resolution stage I answered that question by saying yes.

The Chairman: Then I take it subparagraph 4 is completed. Subparagraph 5?

Mr. Harris: I have an amendment to be moved to subparagraph 5 and it is a rather lengthy one.

Mr. McCann: I move:

That Bill 418, an act to amend the Income Tax Act, be amended by deleting lines 4 to 22 on page 3 thereof and substituting therefor the following:

"(q) where a taxpayer is a member of the clergy or of a religious order or a regular minister of a religious denomination, and is in charge of or ministering to a diocese, parish or congregation, or engaged exclusively in full-time administrative service by appointment of a religious order or religious denomination, an amount equal to

(i) the value of the residence or other living accommodation occupied by him in the course of or by virtue of his office or employment as such member or minister so in charge of or ministering to a diocese, parish or congregation, or so engaged in such administrative service, to the extent that such value is included in computing his income by virtue of section 5, or

(ii) rent paid by him for a residence or other living accommodation rented and occupied by him, or the fair rental value of a residence or other living accommodation owned and occupied by him, during the year but not, in either case, exceeding his remuneration from his office or employment as described in subparagraph (i);"

Mr. Fleming: Does the minister intend to explain his amendment? Reading it over quickly, I gather the only change he has made is to include ministers and clergy engaged exclusively in full-time administrative service by appointment of a religious order or religious denomination? Is that correct?

Mr. Harris: Yes, Mr. Chairman. The intent of the amendment as in the printed bill was extended for the purpose of clarification to a slightly different wording but the effect of the amendment will simply be this. Up until a recent decision by the income tax appeal board it was thought by the government that only those clergymen who were actively engaged as being in charge of a church or a parish and conducting services accordingly were entitled to the deduction that has been in the act. However, in the income tax appeal board there was a decision which held that the clergyman who was a professor at a theological university would also be entitled to the deduction and it was not the intention of the government to permit the deduction to extend that far. The present amendment provides that any clergyman, whether he be in fact a pastor in charge of a congregation or a member of the church body in the higher level, if I may put it that way, who engages in church work exclusively including acting as pastor from time to time, would have the benefit of the deduction. On the other hand, it does not extend to the clergyman who is a professor and whose occupation is that of a professor in a college.

Mr. Fleming: Mr. Chairman, I think the amendment that the minister has introduced is an improvement on the clause as printed in the bill in that it includes those who are engaged in administrative duties on behalf of churches, religious orders or religious denominations. They were certainly entitled to consideration and I am glad to find that the amendment extends the consideration to the point of equalizing their position with that of the clergy engaged directly in parish work.

But the minister has pointed out that the benefits that are extended by this section to clergy in general are denied to clergy who are engaged in teaching in theological colleges. The fact that the minister has seen fit to introduce an amendment which will now include those clergy who are engaged in administrative duties it seems to me weakens his case for denying similar consideration to clergy engaged on the teaching staffs of theological colleges. Why should they be denied the consideration of this provision when it is extended to clergy in all parochial service or administrative work on behalf of either religious orders or religious denominations?

The appeal that I am making tonight is that the section should be further enlarged so that its benefits may be extended to clergy engaged, as I have indicated, in teaching on the staffs of the theological colleges. This point has already been the subject of representations made to the government. A letter was written to the Prime Minister when the bill was first printed and published. With the permission of the writer I should like to read it now because it states very clearly the case for the clergy engaged on the teaching staffs of the theological colleges.

The writer of this letter is the Rev. R. S. K. Seeley, who is the Provost and Vice-Chancellor of Trinity College, Toronto. His letter to the Prime Minister is dated June 19, 1956 and it reads as follows:

Dear Mr. Prime Minister:

It has been brought to my attention that legislation is being introduced to reverse the decision of the Department of National Revenue that professors of theological colleges have the same status as the parochial clergy in that they are entitled to exemption from income tax on the rent which they pay for their houses and living accommodation.

As president of the conference of heads of Anglican theological colleges in Canada, I respectfully request that this legislation be not introduced, since it would bring about an injustice to a group of people, small in numbers but of great importance to the community.

Theological professors are in a peculiar position among the clergy. While they in general receive a slightly higher cash salary than most of the parochial clergy, they do not receive free living accommodation nor do they receive the revenue from fees and Christmas offerings which almost all parochial clergy enjoy. Their actual or real salary, therefore, is usually lower than what they would be receiving in parochial work. They have far heavier expenses in the purchase of books, and recent legislation has removed the privilege of obtaining income tax exemption through the contractual expenditure plan. Moreover, they are frequently engaged in work of a parochial nature for which they seldom receive remuneration or travelling expenses. It is also true to say that their houses and quarters are in frequent use for pastoral care of the students whom they teach.

I am sure you must also be aware that the proposed legislation would engender disharmony among the churches, since it would discriminate against those churches which permit the marriage of the clergy.

While I am writing primarily as the representative of the Anglican theological colleges, I know that I can say that such legislation will be looked upon with great disfavour by the Anglican house of bishops and by the authorities of other denominations.

I am convinced that the government of Canada regards the clergy as a body of men who, in the discharge of their vocation, contribute inestimably to the well-being of our country and, since their financial rewards are so scanty, they are deserving of such consideration in the tax field as can be given to them. I know also that you personally and your government are concerned about the plight of our institutions of higher education. Among such institutions our theological colleges can least afford to pay adequate salaries. Such small relief, therefore, as the present exemption provides means a very great deal to those who are responsible for the spiritual leaders of the future.

I am confident that, when these facts are considered, the government will deem it wise to suppress the proposed legislation in the interests of the public good, and I respectfully request that careful consideration be given to this matter and to the distress which such legislation would bring.

I remain,

Yours sincerely,

R. S. K. Seeley,
Provost.

Mr. Chairman, it seems to me that that is a fair and comprehensive presentation of the case of the clergy engaged on the teaching staffs of the theological colleges of this country for the same kind of consideration as this bill has proposed to give to the parochial clergy and as the minister's amendment proposes to enlarge so that clergy engaged on the administrative staffs of religious orders or religious denominations may also enjoy it.

The enlargement I propose would not cost the treasury of this country very much. Unless some provision of the kind I have suggested is made, I think we are going to be legislating to create a discrimination. I do not believe that is the wish of members of this house. The importance of the clergy engaged on the teaching staffs of the theological colleges I am sure is not underestimated by any hon. member in this house. I make this plea in all earnestness now for that group of men who, if they are not included in the benefits of the section, I think will be entitled to feel that they have been discriminated against.

Mr. Michener: I should like to endorse what has been said by the hon. member for Eglinton. The amendment appears to have been the result of a decision within the department which was perhaps not in accordance with the government's view of the meaning of the section. For that reason and for the reasons which have been advanced, it seems to me that there is no sound distinction between a man engaged entirely in related work in an administrative capacity and one who is teaching theology exclusively. If the minister would accept that viewpoint and add to his proposed amendment the words "in teaching theology" so that the amendment would read as follows:

. . . or engaged exclusively in teaching theology or in full-time administrative service by appointment . . .

and so on, it would cover the point which we wish to make. It seems to me to be a matter of simple justice to a small number of men who are equally devoted in a full-time capacity to the same causes which occupy the time of those who are parochial or administrative officers in the churches. I would urge the minister, even at this point, to reconsider the amendment which he has made. It does not affect many people, but it is an important matter for those it does affect in the everyday considerations of their inadequate financial remunerations in that high calling.

Mr. Harris: Mr. Chairman, I think if I was to judge the Income Tax Act solely on my own sentiment I would be obliged to accept the arguments that have been advanced. But when my hon. friend says there is no sound

reason for the distinction between a clergyman who is in charge of a church and one who is in the administrative activities of the church, he may also agree with me there would be no sound distinction to be drawn between a professor in a theological college and a professor in any other college—

Mr. Fleming: Would the minister permit a question? Is there not a difference in the salary scales?

Mr. Harris: I am afraid I cannot take into account the difference in salaries.

Mr. Michener: Is there not a very distinct difference in the ordination of one?

Mr. Harris: I was just going on to state that I think now clergymen ought to be exempt from income tax to the extent of a certain benefit for lodging and the like—

Mr. Michener: That is the basis of this section.

Mr. Harris: No, this relates to a number of the clergy, not to the whole clergy. My hon. friend is arguing that because a man is a clergyman and engaged in teaching in a college he ought to have a certain exemption. May I point out to the committee that if there had been any virtue in the exemption that was granted originally, there may be something to be said for the fact we have departed from that in admitting to the exemption certain members of the clergy who are not actively engaged in pastoral work. But we have not done this without consulting the persons who are interested in this. There is a committee known as the inter-church legal committee who have been consulted not only in the past but at the present time on the amendment, and that committee has recommended the amendment that I have moved to the bill.

So, while I accept the responsibility for excluding those members of the clergy who are in the teaching profession in theological colleges, I may also add that the inter-church legal committee has wired me to say that they would prefer to have the amendment in the words that I moved.

Mr. Fleming: The minister asks about the difference between clergymen engaged in teaching in the theological colleges and persons engaged in teaching in the non-theological colleges. I think he has overlooked the fact that all of the clergy on the staffs of the theological colleges are expected to go out and take preaching duties, relieving duties, for the benefit of the parish clergy; that is expected of them. They are out doing that kind of work all the time. I am sure there is no professor on the staff of a college who is not taking teaching duties on Sunday and relieving the burden of the clergy in all the manifold situations that arise in the ordinary course of parish duties. That was one of the considerations that was pointed out in the letter from Provost Seeley.

It does seem a very hard line to draw between the man who is lecturing to theological students for five days a week and then is going out and preaching on Sundays, and say he shall not have the benefit of this clause, whereas the man who is engaged in parish duties during the week and preaching on Sunday is entitled to the benefit of it.

I would urge the minister to give further consideration to this before we come back to it again. It is not a concession that is going to be costly. The minister's argument seems to be that there is going to be some discrimination created by the kind of amendment I have suggested.

Mr. Harris: All I was saying was that I would have great difficulty in refusing a similar exemption to all professors at colleges.

Mr. Fleming: Well, Mr. Chairman, the Income Tax Act has recognized the position of the clergy in this clause. Hon. members will recall that this was introduced a few years ago and there was much discussion about it. The introduction of this provision followed discussions over several sessions on this subject. The policy has been adopted by the house of giving a special form of consideration to the clergy because of the nature of their work.

Now, that principle having been recognized in the act, and now the matter coming to us on a question raised by the income tax appeal board, and the minister having seen fit to introduce a bill reasserting the position of the parish clergy and making sure that same provision is to be extended now to clergy engaged in administrative duties on behalf of their religious order or denomination, then surely it is not the creation of a new principle that the consideration should be extended as well to the clergy engaged on the theological college staffs.

As for the difficulty the minister foresees of denying similar consideration to professors engaged on the teaching staffs of other colleges, all I have to say is that this consideration is created for the benefit of ordained clergy and for them alone.

The Royal Assent

THE ROYAL ASSENT

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

Mr. Speaker, the Honourable the Deputy of the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

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

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to amend the Foreign Insurance Companies Act.

An act to amend the Canadian and British Insurance Companies Act.

An act to amend the National Parks Act respecting the boundaries of Cape Breton Highlands national park.

An act to authorize the Minister of Finance to make payments to the governments of the provinces and to authorize the government of Canada to enter into fiscal agreements with the governments of the provinces.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

INCOME TAX ACT

The house resumed consideration in committee of Bill No. 418, to amend the Income Tax Act—Mr. Harris—Mr. Robinson (Simcoe East) in the chair.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take the estimates of external affairs, northern affairs, agriculture and transport.

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

ANSWERS TO QUESTIONS

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

FISHERIES—EXPERIMENT AT POWNAL, P.E.I.

Question No. 565—**Mr. Matheson:**

What information is available thus far from the experiment which the Department of Fisheries is carrying out at Pownal, Queens, Prince Edward Island?

Answer by: **Mr. MacNaught, Parliamentary Assistant, for the Minister of Fisheries:**

The purpose of the experiment is to determine whether quahaugs (hard shelled clams) taken from contaminated areas will cleanse themselves when transferred to suitable cleansing areas. Pownal bay is one of the areas found suitable for cleansing purposes, and preliminary experiments have given evidence of effective cleansing to such an extent that transfers on a semi-commercial scale for further testing are planned for the immediate future.

POST OFFICE, SAINT QUENTIN, N.B.

Question No. 572—**Mr. Van Horne:**

What action, if any, is being taken to build a post office in Saint Quentin, New Brunswick?

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

No action is being taken regarding a new public building. The department is endeavouring to secure alternative accommodation on a leasehold basis.

TRANS-CANADA HIGHWAY, NEW BRUNSWICK

Question No. 573—**Mr. Van Horne:**

What action is being taken to implement the building of the trans-Canada highway in New Brunswick?

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

The construction of the trans-Canada highway in New Brunswick is the responsibility of the government of New Brunswick. In an effort to assist and encourage the construction of a trans-Canada highway across Canada, parliament enacted the Trans-Canada Highway Act with effect from December 10, 1949. Under this legislation the federal government undertook to pay half the cost of constructing a highway to the approved standard. On May 27, 1950, the government of New Brunswick signed an agreement under the legislation to complete the road across New Brunswick from Aulac to the Quebec-New Brunswick border north of Edmundston with a spur road to Tormentine.

When it became evident that New Brunswick and other provinces would not complete their undertaking within the agreed period, the federal government recommended to parliament that it be authorized to encourage action designed to close the existing gaps by enabling it to pay 90 per cent of the cost of constructing 10 per cent of the mileage in each province. This legislation was given royal assent on June 7, 1956, and New Brunswick has entered into a new agreement with the federal government thereunder.

To July 21, 1956, the federal government has paid $4,075,814.04 to the government of New Brunswick for work it has completed. The implementation of the building of the trans-Canada highway in New Brunswick, however, is, under the agreement, a matter for the government of New Brunswick.

HOUSE OF COMMONS

Wednesday, August 1, 1956

The house met at eleven o'clock.

FEDERAL DISTRICT COMMISSION

Second report of joint committee on the federal district commission.—Mr. Dumas.

INTEREST ACT

AMENDMENT TO ESTABLISH MAXIMUM RATE—MOTION FOR RESTORATION TO ORDER PAPER

Mr. H. R. Argue (Assiniboia) moved:

That the order for second reading of Bill No. 2, an act to amend the Interest Act, which was superseded on February 2, 1956, be restored to the order paper under the heading "Public Bills and Orders" for further consideration at the next sitting of the house.

The house divided on the motion (Mr. Argue) which was negatived on the following division:

YEAS

Messrs:

Argue
Balcer
Barnett
Bell
Blackmore
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Casselman
Castleden
Charlton
Churchill
Diefenbaker
Dinsdale
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gagnon
Gillis
Green
Hahn
Harkness
Hees
Herridge
Holowach
Howe (Wellington-Huron)
Jones
Knight
Leboe
Lennard
Low
MacLean
McCullough (Moose Mountain)
McGregor
Michener
Monteith
Montgomery
Murphy (Lambton West)
Nesbitt
Nicholson
Nowlan
Pallett
Patterson
Pearkes
Rowe
Small
Smith (Battle River-Camrose)
Stanton
Stewart (Winnipeg North)
Thomas
Tustin
White (Middlesex East)
Winch
Yuill
Zaplitny—60.

NAYS

Messrs:

Anderson
Applewhaite
Balcom
Batten
Bennett
Blanchette
Boisvert
Boivin
Bourget
Brisson
Brown (Essex West)
Bruneau
Cannon
Carter
Cavers
Cloutier
Crestohl
Decore
Deschatelets
Deslieres
Dickey
Dumas
Enfield
Eyre
Fairey
Follwell
Fraser (St. John's East)
Gardiner
Garson
Gauthier (Portneuf)
Goode
Gour (Russell)
Gregg
Habel
Hanna
Harris
Healy
Hellyer
Henderson
Henry
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Hunter
James
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Gaspe)
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacKenzie
MacNaught
McCann
McCubbin
McDonald
McIlraith
McIvor
McMillan
Marler
Menard
Mitchell (Sudbury)
Monette
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Power (St. John's West)
Prudham
Purdy
Ratelle
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Sinclair
Stick
Stuart (Charlotte)
Studer
Thibault
Tucker
Weaver
Weir
Winters—99.

Mr. Speaker: I declare the motion lost.

Mr. Fulton: Dictation.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC WORKS—WHARF AND HARBOUR CONSTRUCTION, GASPE COUNTY

Question No. 545—**Mr. Dufresne:**

1. Was any work done by the Department of Public Works since the beginning of 1956 on the wharves and harbours at Chandler, Newport, L'Anse-au-Griffon and Cap-des-Rosiers, in the county of Gaspe?

2. If so, what was the nature of such work?

3. What amounts were spent in each locality for materials, labour and otherwise?

Inquiries of the Ministry

4. What are the names of those employed and their respective salaries and wages, in each locality?

5. Who supplied the materials used in the said work, and in what amounts, giving a detailed list?

HEART DISEASE AND CANCER STATISTICS

Question No. 564—**Mr. Leduc (Verdun):**

1. According to the statistics of the last five years, how many persons in Canada, and by provinces, have died each year (a) from heart disease; (b) from cancer?

2. Are grants provided annually for research on causes of cancer and other matters related thereto, and in connection with heart diseases?

3. If so, (a) what amounts were appropriated for such purposes; (b) in what manner have such amounts been distributed; (c) what institutions are entitled thereto?

GRAIN

WHEAT—REQUEST FOR EXTENSION OF OLD QUOTA

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. In view of the fact that many wheat farmers in the prairie provinces have not been able to market the amount of the quota as fixed for their respective marketing points, would the minister consider extending the period in those areas so that farmers might be able to continue marketing at least until the new crop in their areas becomes available for marketing?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the hon. member for Assiniboia also asked the same question—

Mr. Argue: Yesterday.

Mr. Howe (Port Arthur): —at the last sitting. The matter has been given very careful consideration and it has been decided—and I may say that the decision is unanimous from all my advisers—that there be no extension of the old quotas this year. Last year the old quotas were extended and shipments under old quotas were being made until December. As a matter of fact, many of the low quota points at the end of the last crop year were points where shipments had been made on extended quotas earlier in the year. The fact remains that we have shipped from the country considerably more grain this year than last year; and whereas last year we filled the eight-bushel quota with the help of the extension, this year we have failed to reach the eight-bushel quota at many points. It will be very much fairer, we feel, to start everyone even as of this day and work out the quotas accordingly as time passes. I think that perhaps answers the question.

[Mr. Dufresne.]

INQUIRY AS TO DISCRIMINATION AGAINST LOW DELIVERY POINTS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I wonder if the minister could say why, as a means of removing the discrimination that exists against producers at many marketing points who have not been able to deliver the eight-bushel quota, all shipping orders have been kept in force at the low delivery point and grain delivered against those orders is not credited on last year's quota instead of the new quota?

Right Hon. C. D. Howe (Minister of Trade and Commerce): As my hon. friend knows, there are shipping orders out at every point in quantity which would bring that point up to the eight-bushel quota. The purpose of leaving the shipping orders outstanding is the wish to make sure those points that did not market their eight bushels last year will have the first chance to deliver grain this year. Our intention is to remove grain from those particular elevators, in an effort to make sure that those particular points do deliver their eight-bushel quotas this year.

Mr. Argue: Is it the intention of the minister to see that those points which delivered less grain in the crop year just ended have an opportunity of delivering that much more grain in the current crop year in order to equalize it over the two-year period?

Mr. Howe (Port Arthur): The intention is to make sure that these points get a better than average break this year. We cannot be mathematically precise. We have not sufficient control over the distribution of box cars to be able to say that we can balance out all delivery points evenly, but we will at least give those low quota points a preference in the early stages through leaving shipping orders outstanding until they are filled.

Mr. J. G. Diefenbaker (Prince Albert): I wonder if the minister would say what general plan he has in mind in order to assure a reasonable degree of equality, and to remove the discrimination that existed in certain parts? How is he going to adjust this equalization to which he has just made reference?

Mr. Howe (Port Arthur): Well, Mr. Speaker, the job of the Minister of Trade and Commerce is to make sure that the proper grades of wheat and other grains go on the boats to meet the export demand as it arises. Incidental to that, we are endeavouring to see that the grain is drawn fairly from all parts of the prairies, so far as we can, having in mind the grades of grain we require for export. We are starting this year by giving a

very strong preference during the month of August, and as long as it takes to fill shipping orders, to points that have not delivered their eight-bushel quota.

Now, as time goes on, we will try to draw grain as fairly as we can from all parts of the prairies, but I cannot commit myself to any mathematical distribution. We will do the best we can.

Mr. Diefenbaker: I just want the general plan.

Mr. Howe (Port Arthur): Yes.

[*Later:*]

INQUIRY AS TO POLICY REGARDING OFF-SITE STORAGE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Could the minister inform the house, in view of the almost certainty of storage facilities being taxed to the limit, at least during the early part of the new crop year, if the government will give consideration to continuing last year's policy with regard to off-site storage for grain stored in skating rinks, and consideration even to extending off-site storage on properly farm-stored grain?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, this matter has been considered and my advisers believe that the off-site storage of grain has been carried far enough. We find that there is no turnover of that grain and we are in some doubt as to the condition of some of it, though the responsibility for the condition rests with the elevator company which has placed it in storage. We think that grain should be available for immediate shipment as required and therefore we have discontinued the policy of further licensing of off-site storage.

PRIVILEGE

MR. MCCULLOUGH, MOOSE MOUNTAIN—REFERENCE TO ANSWER GIVEN IN HOUSE ON JULY 27

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I rise on a question of privilege. Last Friday I asked a question of the Minister of Trade and Commerce. As reported at page 6530 of *Hansard* I said this:

> This seems to be a departure from previous years when flax was not under quota. Will flax be under quota during the new crop year?

The minister's answer was that last year there had been a quota but that it had been removed early in the year. In a press report of July 28 appearing in the *Leader-Post,* and referring to the Minister of Trade and Commerce, I note the following:

> His officials said later that Mr. Howe had erred on this point. An announcement by the Canadian wheat board July 19, 1955, showed there was no quota control set for flax or Durum wheat for 1955-56. Neither had there been a quota for 1954-55.

I wonder if the minister would correct his answer to me so that there may be no misconception of the policy last year.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I will be glad to do so. I was in error. I had in mind that we started with a quota on flax and Durum and that it was removed. That is not the case. We had small crops of flax and Durum last year and there was no quota on these grains from the beginning of the crop year. This year we have much larger crops of flax and Durum and it was felt that a five-bushel quota would place some limitation on the amount that would be delivered in the early stages. Of course, the quota will be raised as we are able to market the crops.

Mr. McCullough (Moose Mountain): I wonder if I might be permitted to ask a further question? In view of the statement the minister has just made, that there will be a greatly increased crop of flax and Durum and that they are going to be under quota, I wonder if his department would give consideration to including those two crops under the Canadian wheat board.

Mr. Howe (Port Arthur): As my hon. friend knows, we are unable to do that without legislation. I have given reasons why the government does not believe that flax should be included in the crops marketed by the wheat board. I think my hon. friend will agree that the price of flax is very satisfactory at the present time. We see no reason for interfering with the situation.

POST OFFICE DEPARTMENT

PETERBOROUGH—REFERENCE TO COST OF INSTALLATION OF TELEVISION EQUIPMENT

On the orders of the day:

Mr. G. K. Fraser (Peterborough): Mr. Speaker, I should like to address a question to the Postmaster General. Does the contract price of over $50,000 for T.V. cameras and equipment, installation and maintenance for one year for the Peterborough post office also cover the cost of building the new viewing or T.V. inspection room that has just been built in that post office?

Hon. Hugues Lapointe (Postmaster General): The answer is no. That part of the work is done by the public works and paid for by that department.

Mr. Fraser (Peterborough): May I ask the Minister of Public Works what the cost of that viewing room will be?

Mr. Lapointe: I might say that I have made inquiries and public works tells me it is $2,447.50.

POSTAL SERVICE

SUTHERLAND, SASK.—REQUEST FOR MAIL DELIVERY SERVICE

On the orders of the day:

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I should like to address a question to the Postmaster General. In view of the fairly recent amalgamation of the town of Sutherland and the city of Saskatoon, and in view of the desire of the people there to assure to every citizen of Saskatoon door to door mail delivery, I should like to ask the minister whether a petition has been received from those people and whether such petition has been considered? If it has been so considered, what decision has been made in regard to the matter?

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, no petition has been brought to my notice. It is quite possible that one may have been received by officials of the department. I shall make inquiries and report to my hon. friend.

THE MINISTRY

REFERENCE TO INVITATION TO BRIGADIER ALLARD TO JOIN CABINET

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to address a question to the Prime Minister. Is the invitation to Brigadier Allard by the Prime Minister to join the cabinet considered closed, or is the matter still open?

Right Hon. L. S. St. Laurent (Prime Minister): Whenever there is an addition to the cabinet an announcement will be made. I had conversations about a year ago with my good friend, Brigadier Allard, but they did not lead to any action.

NATIONAL DEFENCE

INQUIRY AS TO PROVIDING OF LIVE AMMUNITION AT PUBLIC MILITARY DISPLAYS

On the orders of the day:

Mr. Claude Ellis (Regina City): Mr. Speaker, in the absence of the Minister of National Defence I should like to direct a question to his parliamentary assistant. In view of the tragic accident which occurred in Regina last evening, I wonder whether the parliamentary assistant will inform the house if it is the practice of the army to provide live ammunition at public military displays being held at fairs and exhibitions throughout Canada?

Mr. Paul Hellyer (Parliamentary Assistant to the Minister of National Defence): The army is making a full and complete investigation into this very unfortunate accident. Until I have seen the report I do not think I should like to comment on it.

Mr. Ellis: If this is the practice, can the parliamentary assistant assure the house that instructions will go out from defence headquarters to cease the practice of providing live ammunition at the displays?

[Later:]

GREENWOOD, N.S.—STATEMENT ON REPORTED CONVERSION OF COAL-BURNING EQUIPMENT AT R.C.A.F. STATION

On the orders of the day:

Mr. Paul Hellyer (Parliamentary Assistant to the Minister of National Defence): Yesterday the hon. member for Cape Breton South (Mr. Gillis) asked if tenders had been called to convert coal-burning equipment at R.C.A.F. station, Greenwood, Nova Scotia.

There are 481 permanent married quarters heated by hot air. Of these, 100 are heated by coal and the balance by oil. In the interest of standardization it has been decided to convert the balance of the coal heating units to oil, and tenders have been called for this purpose.

WATER RESOURCES

WATER LEVELS OF LAKE MICHIGAN

On the orders of the day:

Mr. J. W. Murphy (Lambton West): I wonder whether the Secretary of State for External Affairs has a reply to my question regarding the diversion of water from lake Michigan through the Chicago drainage canal system?

Hon. L. B. Pearson (Secretary of State for External Affairs): No, I have not a complete reply, but I expect to have one tomorrow morning.

Mr. Murphy (Lambton West): May I ask a supplementary question? In view of the statements attributed to United States senators or congressmen that the diversion of water from lake Michigan through the drainage system is no concern of Canada—in other words, they intimated in the press that Canada need not be consulted, of which

I think the minister is well aware—will the minister, when he is making this legal exploration of the problem, determine whether the United States was consulted when northern waters were diverted into lake Superior, and whether that same principle will apply to the diversion of waters from any lake, especially one that is wholly in Canada? Would the same principle not apply?

Mr. Pearson: We shall look into that aspect of the question. As to the statement alleged to have been made by certain United States congressmen that this diversion is no concern of Canada, it is a concern of Canada and we have already made known that concern by a note last March which I think has been tabled.

EXTERNAL AFFAIRS

MILAN BABIC—TREATMENT BY UNITED STATES CUSTOMS OFFICIALS

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to address a question to the Secretary of State for External Affairs. Has the Secretary of State for External Affairs a report for the house regarding his investigation of the detention of Mr. Babic of Toronto by the United States immigration department?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, although we have not yet received any complaint on this matter, as I stated the other day in the house, in view of the press statements concerning it, we have asked our officials in New York to make an inquiry. They have done that and as a result received a report from the United States immigration authorities which does not coincide in every respect with the statements made by Mr. Babic to the press. However, even on the basis of the United States report I think there is justification for complaint to the United States government. Before we decide to take any formal action I think we ought to give Mr. Babic a chance to comment on the United States immigration report.

Apparently this naturalized Canadian citizen was stopped in New York in transit to Canada, which of course is something within the right of the United States government to do. However, we feel that on this occasion the use of that legal right was not warranted and that the national security of the United States would not have been prejudiced by the immediate departure of this shipwrecked Canadian citizen to his home in Toronto.

Inquiries of the Ministry

CITIZENSHIP AND IMMIGRATION

INDIAN AFFAIRS—ADOPTION OF FLAG

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. In view of the fact that Canada's native Indians now have adopted a flag of their own to signify the Indians' right of eminent domain over their land, will the minister open negotiations with Mr. Andy Paull, the Indian spokesman, for permission to adopt this flag for use by the rest of Canada, thereby solving the problem of Indian rights and of a Canadian flag at one fell swoop.

Perhaps I might say that as this flag was flown first in Comox-Alberni I am somewhat concerned about whether I will be admitted to my constituency at the end of the session.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, it would be impossible for the minister to open negotiations with Mr. Paull as he is engaged continuously in negotiations with him. As to the other question asked by the hon. member, I think it is outside my competence as Minister of Citizenship and Immigration.

FISHERIES

EFFECTS OF DRILLING FOR OIL—SUGGESTED FEDERAL ADMINISTRATION

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 Fisheries concerning commercial fishing problems on the great lakes. Has the minister received any verbal or written representations regarding loss of catches in lake Erie where oil and gas exploration is taking place and, if so, can the government do anything about it?

There is a second question I should like to ask at this time. In view of the lamprey menace and the fact that the international joint commission now has jurisdiction over the commercial fishing industry in the great lakes in an effort to stamp out this menace, will there now be divided jurisdiction between the federal government and the province? Have any representations been made to the federal government to take over the administration of laws and regulations regarding fisheries?

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, I have received verbal complaints from other Ontario members regarding this problem of drilling for gas and oil in lake Ontario and lake Erie. I have also

received some written complaints from fishermen on lake Erie. However, I have directed these people to make their complaints to the government of Ontario which administers fishing in the great lakes.

As far as the other question is concerned as to the administration of commercial fishing, the province of Ontario asked to administer these fisheries and unless they ask us to take back that administration we do not propose to take any action in the matter.

Mr. Murphy (Lambton West): A supplementary question: Could the minister indicate what licence fee is charged commercial fishermen in other parts of Canada where the federal government has jurisdiction as compared with the fees charged on the great lakes?

Mr. Sinclair: We have very few licence fees. On the west coast we have an annual fee of $1 for commercial fishermen who are gill netters, seiners or trollers. On the east coast we have only two fees, one of 25 cents a year for lobster fishermen and another of $1 a year as a weir licence. I do not know the scale of fees charged by the Ontario government on the great lakes.

HOUSE OF COMMONS

REPORTED ISSUANCE OF INSTRUCTIONS FOR GENERAL ELECTION

On the orders of the day:

Hon. Roch Pinard (Secretary of State): Mr. Speaker, on July 27 the hon. member for Vancouver East asked whether instructions had gone out from the chief electoral officer to the returning officers in federal constituencies to prepare for a federal election. I have discussed this matter with him and, as I indicated, instructions were sent to all returning officers in Canada on June 18 to proceed with the revision of the boundaries of polling divisions in their respective electoral districts. As I indicated then, this revision and the selection of enumerators, which was I think the subject of the letter my hon. friend received, constitute routine preparations for a federal election.

On the same day the hon. member for Dufferin-Simcoe asked the following question:

> In how many electoral districts are there returning officers now established either by recent appointment or permanently from the last election?

I have been informed by the chief electoral officer that there are 243 electoral districts with returning officers in office now and 20 vacancies which it is intended to fill as early as possible.

[Mr. Sinclair.]

Mr. G. K. Fraser (Peterborough): May I ask a further question. Have the returning officers been instructed to send out notices to members to get their enumerators in within 30 days? I understand that one hon. member has received such notice.

Mr. Pinard: I do not know the exact time in which enumerators must be designated. I was informed by the chief electoral officer that that is part of the instructions which were sent to the returning officers.

Mr. Fraser (Peterborough): That they have to be in within 30 days?

Mr. Pinard: I do not know about the time; I shall have to check.

TRADE

COTTON—EFFECT OF UNITED STATES SUBSIDY ON EXPORTS

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 National Revenue. In view of the announced United States policy of subsidizing exports of cotton products to Canada and the announced intention of the government to apply dumping duties on the United States retail price, what action is being taken by the department to explore the possibility of there being a lower retail price because of the subsidy which would permit a lower production cost?

Hon. J. J. McCann (Minister of National Revenue): I am sorry I did not catch all of the question and I shall have to take it as notice.

HEALTH AND WELFARE

FISHER RIVER RESERVE HOSPITAL—INQUIRY AS TO QUALITY OF TREATMENT

On the orders of the day:

Mr. William Bryce (Selkirk): Is the parliamentary assistant to the Minister of National Health and Welfare going to announce the answer to my question of yesterday?

Mr. F. G. Robertson (Parliamentary Assistant to the Minister of National Health and Welfare): I was not in the house yesterday and I am afraid I am not in a position to answer the question, but I shall try to find an answer for the hon. member.

Mr. Bryce: The Minister of Finance promised he would get me an answer.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

92. Departmental administration, $4,379,430.

Hon. L. B. Pearson (Secretary of State for External Affairs): This is an occasion of which I shall take advantage to make a statement, which I hope will not be too long, on some aspects of our foreign policy.

At the beginning I should point out to the house that the committee on external affairs had a number of useful meetings, during which not only was careful consideration given to every detail of our estimates but there was also an exchange of views, in which I participated at four or five meetings, on policy matters generally. Therefore I have had an opportunity recently to discuss some of our policies.

Also in the house, in January last I made a fairly comprehensive statement on some of the major aspects of our policy. At that time I dealt more particularly with an analysis, in so far as we were able to make it, of the recent changes in Soviet leadership. I discussed the situation in the Middle East and also, at that time in January, the situation in the Far East.

So far as the latter subject is concerned, there has been no substantial change in the situation in the Far East since I spoke in January; nor has there been any change in Canadian policy with respect to it. That situation, particularly in and about the Formosan straits, remains potentially dangerous as long as two Chinese armies face each other only four or five miles apart, but it has not in recent weeks or even in recent months deteriorated.

So far as the situation in the Middle East is concerned, the long and bitter dispute between the state of Israel and its Arab neighbours continues. That situation, while still tense, has not—and this is as far, I think, as anyone would dare go,—has not grown worse since I talked about it last. Incidents, which continue on the frontiers and which are likely to continue in the present atmosphere, have not, at least, exploded into war. The United Nations secretary-general in two visits to the area has made a useful and constructive effort to lessen tension in that area, and by his intervention he has, I think, succeeded in strengthening the truce. I know that on the cease fire and the truce which he has helped to strengthen he hopes to build an arrangement which will be more permanent.

I think we can also pay tribute at this time to the activities of the United Nations truce commission in Palestine, in which several Canadian officers are now serving. That commission is playing a courageous and selfless part in difficult and indeed—as we know from the tragic incident of last week—often in dangerous circumstances. It is operating under the objective, patient and very efficient leadership of a Canadian, General Burns, whose work, I think, deserves the highest commendation on the part of all those who are genuinely interested in establishing security and a just peace in that part of the world. Certainly there is not peace there yet, for there has been no political settlement made between the contending parties. That must come if there is to be peace, because in the long run such a political settlement under the United Nations, rather than arms, will be the foundation of security for Israel and the Arab states.

In recent days a new situation—I was going to say "a new crisis"—has developed there in connection with the Suez canal. A sudden arbitrary move on the part of the Egyptian government has aroused fears that the right to use this international waterway in peace and war without discrimination may be prejudiced, a right which, as hon. members know, is guaranteed by an international treaty. Far more than the nationalization, or, if you like, the expropriation, of the Suez Canal Company is at stake in this matter; it is the future use for all nations without arbitrary or unnecessary interference of an essential international artery of trade and of communications, a waterway which was constructed by international agreement and with international co-operation and is now maintained and operated internationally.

As hon. members know, steps are being taken at the moment in London, by three powers very directly and importantly affected by the Egyptian decision, to bring about a satisfactory solution to this problem, the problem created by this action of the Egyptian government, by establishing some form of permanent international control for this international waterway, by which the legitimate rights of all countries can be protected. Until the results of this London meeting are available—and the meeting has not concluded yet—I think I should say nothing more about this matter, except possibly to express the support of our government for the principle of such international control, with the countries having the greatest interest in the operation of the canal sharing in that control, preferably, if this turns out to be practicable, under the aegis of the United Nations.

The third subject I dealt with last January is one which will occupy our attention and at times our anxieties, namely, the relations between the Soviet union and the coalition of free states in which Canada is playing a part. In so far as the possibility of an all-out war is concerned, I think it can be said, as it has been said on more than one occasion, that we are now reaching, if we have not already reached, a deadlock of mutual deterrence through the certainty of mutual destruction. That is in a sense, I suppose, effective but it does mean reliance by both sides on the fear brought about by thermonuclear power used for destructive purposes. Therefore national security and international peace are becoming merely the probability and the hope that we will get through any year without being blown to bits.

At the very same time that we rely on this deterrence, and we have to rely on it, there is a frantic search going on on both sides for the intercontinental ballistic missile which will remove or certainly will minimize this mutual deterrence by the discovery of an annihilating weapon against which, if used aggressively, there may be no defence or, indeed, no warning. Therefore I do not think any of us can get very much permanent comfort out of a security resting on a balance of terror. Indeed, in that situation there are certain advantages possessed by the Soviet union. With its despotic government, without the restraints of public opinion, it can, if it so desires, use this situation for political blackmail in peacetime and for what have been called brush fire wars which would throw on our side the responsibility of converting these limited wars into thermonuclear ones.

That possible situation certainly has a bearing both on our defence and on our diplomatic policies and it leads me to the conclusion that atomic defence and atomic deterrence are not enough. It also leads me to stress the importance of diplomatic defences, of political unity on our side, of economic strength, of moral purpose. These things are becoming more and more important as developments occur, but while we seek them on our side the drive to extend Soviet influence by a wide variety of means still continues.

The emphasis now in tactics and perhaps in policy has been shifted, I think, since the new leadership came into power in Moscow from the military to the economic and the political. How much this shift represents a change of heart and how much is a revision of thinking forced upon Moscow by the H-bomb and the strength and unity of NATO, I am not prepared to say. I think that the latter factor, our strength, may have been if not the dominating at least a very important consideration in any changes that have taken place.

But whatever the reason, the Soviet union may now have decided to abandon for the time being at least the open and direct use of armed force for the extension of its influence lest this should lead to the outbreak of global and thermonuclear war. Yet while such a thermonuclear war is recognized by the Soviet union, as it is by us, as a calamity of unthinkable proportions, nevertheless until such time as a condition of greater mutual trust has been established between the two worlds any weakening in the defensive capabilities of the free democracies might provide a serious temptation to the Soviet union to revert to the use of armed force for the pursuit of policy. They certainly have the capacity for this. Their tactics may have changed but their military strength has been maintained. Indeed, their industrial strength has been greatly increased and that industrial and economic strength is now becoming an important agent of their foreign policy. The armed strength of the Soviet union, which is now in process of being revamped and modernized, is a central fact which I suggest we cannot and must not ignore, especially when we consider our own defence plans and defence policies.

Mr. Khrushchev, speaking at the recent 20th party congress in Moscow, said:

> We must resolve to take all measures necessary to strengthen further the defence potential of our socialist state.

It is well to remember this when we read of Soviet proposals to demobilize soldiers and when we receive appeals to take it easy and to throw away our arms because the danger has now disappeared. This strengthening, moreover, applies not merely to the Soviet state itself but to what the Soviet leaders call—and they never seem to weary of referring to it—the international camp of socialism, something which, of course, is quite peaceful and respectable although our own coalitions are always referred to by them as aggressive military blocs.

Therefore I think that all members will agree with me that we in the western world must remain on guard. But while all this is true, and it certainly is true, I think it is also true that since the death of Stalin the Soviet government and the Soviet regime have begun to eliminate some of the more objectionable features of both their foreign and domestic policies. There have been relaxations at home, and as a result I believe that certain internal pressures may be developing in Russia which could have a restraining influence on the activities of the Soviet leaders. These Russian leaders may have started

a train of events which, under normal conditions, should be welcome to the bulk of their population with whom the dynamism of revolution has probably run down. That process may become increasingly difficult to reverse at home if it is permitted to gain momentum there, but it is certainly not likely to lead, as we sometimes hopefully think, to parliamentary democracy or to any kind of democracy as we understand it because that is impossible in a communist state and Russia under its new leaders remains determinedly communist.

Also it is too soon to say, I think, that irresistible forces of freedom have been set in motion and that this means a great triumph for the western world. Indeed, these relaxations and their results, both at home and among their satellite communities, may frighten the new rulers who may try to reverse the trend, and out of this effort a new Stalin, Khrushchev or somebody else may arise as the old Stalin arose out of the ruins of the new economic policy in the twenties. This accession of one man to power is consistent both with the Slav tradition of autocratic rule and the communist doctrine of what they call democratic centralism.

So we would be wise, I think, to welcome and exploit any changes that seem for the better in both domestic and foreign policies of the Soviet union without exaggerating their extent or being bedazzled or deceived by them. At the same time, we must not be too tighly bound by the analysis which we made of Soviet policy under the Stalin regime, nor must we leave the initiative in the present period always to the new Soviet leaders, and they are very adept, indeed, in taking advantage of the initiative.

But one thing we can be sure of, that any changes of this character, and there certainly have been some, are not the result of weakness or lack of confidence of the new rulers in the future of the Soviet system. They are certainly as fanatical on that score as ever Stalin or his contemporaries were. Let us not be deceived by the illusion—I think we are in the process of tearing it away—that the Soviets are a backward people, 150 million feudal, downtrodden peasants in an oxcart civilization because, as we know, nothing could be further from the truth. We are beginning to appreciate that fact as more of us visit the Soviet union. It is true that in that country individuals have not the luxuries which we consider to be necessities nor often even the necessities which we take as a matter of course. But the regime there has converted the poverty of the people into the power of the state. On individual deprivation they have built great national strength and great national confidence and pride. Two United States commentators are not always too encouraging in their prognosis of what is going to happen. The Alsop brothers have warned us that we had better drop the favourite western parlour game of searching for imaginary Soviet weakness. In an article which one of them wrote a few weeks ago he had this to say:

> . . . it is one of history's little jokes that this demonstration of the Soviet society's superior efficiency, on its terms,—

That is the terms of centralized, autocratic, communist power and control.

> —should come at a moment when the western societies are also demonstrating their superior efficiency on their terms, in the form of Britain's all-embracing welfare society and America's gorged plenty. But history does not suggest, alas, that great power contests can be won by free false teeth or even by platoons of air-conditioned Cadillacs.

Certainly, Mr. Chairman, this strength and power of the Soviet under its new leaders has not been affected, as I see it, by the de-Stalinization of the regime. In fact, while Stalin has been repudiated, the essentials of Stalinism remain. We know what they are: one party-despotic government; control of every expression of free thought and free action by that government; induced fear and hostility to every form of non-communist rule, especially through education; subordination of the individual to the ruling communist group; unqualified belief in the ultimate overthrow of free democracy by communism; and refusal of any form of political freedom to subject or satellite peoples who are incorporated into the Russian political system for power political purposes, except on the basis of complete acceptance of the rule of the communist junta in Moscow itself.

It may be of developing significance—I hope it is—that there have been signs of change in this latter situation in the satellite border states. But there is no sign of change in respect of the absorption of subject peoples like the Ukranians and the Balts inside the communist centralized empire. While they and other subject peoples remain under the heel of Moscow, we certainly have the right to reject any protestations by the leaders in Moscow of their belief in self-government or the rights of peoples. Indeed, this Russian system is a new colonialism which is far more terrible, far more reactionary and far more widespread than was any form of colonial rule in history. Moreover, it is practised by men who have managed to get too many other men to accept them as champions of national freedom against the old colonialism which is now fast disappearing. Their claims

to such a role in twentieth century development of national freedom represent one of the greatest perversions in history.

Then finally, Stanlinism meant the use of communist parties in non-communist states as agents of Moscow policies. These parties I think have been shaken by the overthrow of their great god Stalin; but they are recovering from this shock and they are now beginning to rally with traditional submission—as so often in the past—to the new dictates from Moscow and to become its agents as before. Their attitude to this change that has taken place will be a conclusive test whether they have any claims to national allegiance or national status at all or whether they are merely, as they were formerly, the tools of Moscow for any purpose that Moscow may decide to follow.

Hence a question which has exercised us in the past is, I think, exercising us even more at the present time. The question to which I refer is this. Have the Moscow communist leaders abandoned the cult not only of personality, as they claim, but the cult of international revolution, of the violent overthrow of our system? They, of course, insist that there is no such cult, no such design, or no such danger. Khrushchev, Shepilov and the others, it is true, have admitted —indeed they have insisted—that the capitalist and the socialist-communist systems cannot be reconciled, that one or the other must go; and they are confident that it will not be the communist system that will go. But, they add, this can be done peacefully. As Mr. Khrushchev put it in the twentieth party congress in Moscow, and his words were repeated by other Soviet leaders on that occasion:

> There is nothing more absurd than the fiction that people are forced to take the path of communism under pressure from without. We are confident that the ideas of communism will triumph and no "iron curtains" or barriers erected by the bourgeois reactionaries can halt their spread to more and more millions.

That is the fairy tale, namely that these things develop from within, peacefully and without force. The fact is, as we all know, that no single country in history has become communist by the declared will of its people. In every case force was used and force was decisive. Mr. Khrushchev really let the cat out of the bag last February when he wrote—and some of his colleagues repeated it at the last party congress—as follows:

> Of course, in those countries where capitalism is still strong, where it has in its hands an enormous military-police apparatus, there the serious opposition of the reactionary forces is inevitable. There the transition to socialism will take place in conditions of sharp class, revolutionary struggle.

What this means, in plain English, is that communism will use force when it considers it necessary to do so, and if it can, in order to destroy parliamentary democracy and establish the dictatorship of the communist party. In effect, the new position in Moscow is exactly the same as it was when Stalin, some years ago, said that the communist parties would be quite happy to achieve power by parliamentary means, by peaceful means, but that they would use force if they had to and in any event they would achieve power peacefully for the same purposes as if they had achieved it by force.

A question arising out of this which concerns us in this country and in other countries, is this. Does this mean that Moscow is still willing and anxious to assist any and every foreign communist party in its revolutionary plans, in its determination to overthrow free parliamentary government? That, Mr. Chairman, seems to me to be a vital question, the test of Soviet sincerity. It is for them to demonstrate that they are not concerned now with international revolution. I do not expect—nor can any of us—that these people in Moscow and elsewhere should abandon their revolutionary slogans. That probably would be too much to hope for. But we can expect, and indeed we can insist as a test of good faith, that they show that in fact they are keeping out of our domestic affairs. We have no assurance on this score in this country or in other countries. Nor have we any reason to believe, changing to another aspect of Soviet policy, that they have abandoned or weakened in any respect what has been for some years now the primary objective of Soviet policy, the weakening and destruction of the North Atlantic Treaty Organization. NATO is still a major target for Soviet attack; that is still the greatest tribute to its value and strength. It certainly should counsel us to preserve that strength.

So far as the military side of this question is concerned it may well be, as has been indicated, that new developments both political and strategic may make a reassessment of NATO's plans and NATO's defence policies desirable. It may even make desirable some reassessment of plans and strategy to meet new circumstances. But that, I suggest, must not imply any weakening of NATO's deterrent and defensive forces.

Moreover, Mr. Chairman, I think it is important, indeed I think it is essential, that this reassessment and any changes which may result from it should be made inside the North Atlantic Treaty Organization and should be the result of collective discussion and collective agreement. Unilateral decisions, without such discussion or agreement,

would weaken and indeed might even destroy NATO. We must then work together as members of this coalition if unity and strength are to be preserved. That is the very essence of the NATO concept, and without it NATO is not likely to last very long. Yet, this kind of close and continuous co-operation may be more difficult now in NATO than it has been, now that the fear of direct all out military aggression against western Europe seems to have lessened. That is one of the dangers confronting us. It is also, Mr. Chairman, the reason why the non-military aspects of co-operation are becoming more and more important. Indeed that form of co-operation, and we are beginning I think to recognize this more and more, is an important aspect of collective defence in the new situation.

I hope that the committee of three which has been set up by NATO will be able to make some recommendations in this field which will strengthen this side of NATO. This committee hopes to be able to finish its work and make its report some time in October.

But while, Mr. Chairman—this will be the last matter that I will be discussing in my general statement—NATO is important and is essential to our security and the development of the Atlantic community, the United Nations, with all its disappointments and its weaknesses as well as with all its accomplishments and its strengths, remains the basis of our general international policy. One of the most important things to be discussed through the United Nations now is, of course, disarmament. As members of the committee know, the subcommittee of the United Nations committee on disarmament, of which Canada has for some years now been a member, met in London last spring and the western side did produce proposals at that meeting which provided for the limitation and reduction of armaments by stages under control in each stage. It is also true that at that time it was proposed on our side that at the beginning of the second stage there should be a limitation on nuclear tests, a matter which is of very great and understandable interest to all of us, a limitation of nuclear tests supervised by a special branch of the international control organ.

At the meeting comprehensive agreement was not possible, and therefore an effort was made to bring about a more limited agreement as the first stage to making a more comprehensive agreement. The more limited agreement would have dealt primarily with conventional forces, but there was also a provision dealing with nuclear tests. But agreement on that was also not possible. Therefore, the subcommittee reported in July to the full committee in New York and its report, one must admit, was one of progress only in a strictly academic and possibly parliamentary sense. In July the full committee met and at this meeting, at which Canada was represented by my colleague the Minister of National Health and Welfare, the four western members of the subcommittee introduced a resolution reaffirming the six basic principles which they accepted for a disarmament convention. I think it is important, in view of the interest in this matter, that these six basic principles be put on the record. I believe they have been found acceptable by a great many other countries.

They are:

1. A disarmament program should proceed by stages. Progress from one stage to another must depend upon the satisfactory execution of the preceding stage and upon the development of confidence through the settlement of major political problems.

2. The program should begin, under effective international control, with significant reductions in armed forces to such levels as are feasible. There should be corresponding reductions in conventional armaments and in military expenditures. Further reductions would be carried out as world conditions improved.

3. The program should provide that, at an appropriate stage and under proper safeguards, the buildup of stockpiles of nuclear weapons would be stopped and all future production of nuclear material would be devoted to peaceful uses. There would also be a limitation, before that took place, of nuclear tests.

4. The program should provide for a strong control organization with inspection rights, including aerial reconnaissance, operating from the outset and developing in parallel with the disarmament measure.

5. Preliminary demonstrations of inspection methods on a limited scale would help to develop an effective control system and could bring nearer a general agreement on a disarmament program.

6. Finally, there should be provision made for the suspension of the program, in whole or in part, if a major state failed to carry out its obligation or if a threat of peace under chapter VII of the United Nations charter should occur.

Well that, Mr. Chairman, is the position taken by the west at the recent meeting. I emphasize that in that position, which we have supported, even a partial agreement must contain some nuclear components. The representative of the United Kingdom at this

committee in New York went even farther and the Prime Minister of the United Kingdom repeated in essence the other day in the House of Commons what Mr. Nutting said on this point in New York. Mr. Nutting said:

> If limitation of nuclear test explosions is not possible under a disarmament agreement, we are prepared to try other methods, without delay, and without waiting for agreement on a comprehensive disarmament program.

This means that while the abolition of tests would be part of a broader agreement, the limitation of tests could begin independent of the achievement of any such broader agreement. I can say, Mr. Chairman, that we warmly support that position taken by the United Kingdom. We feel that it is of the most vital importance to press ahead both with arms limitations and with political settlements wherever there is any hope of reaching such a settlement with the other side. To adopt any other policy would be to accept the proposition that security rests, and must continue to rest, merely on the fear of common annihilation. That policy—some people call it realism, but I think it is realism based on despair—is not a policy which I am sure will commend itself to the members of this committee, or indeed to the people of Canada. A substitute for that policy, which may be essential at the present time for the avoidance of war, something which is even more permanent and in the long run more satisfactory, would be a policy of mutual agreement, mutual trust and mutual co-operation. I hope that in the effort to reach that objective the Canadian government will play a good part, and I am quite sure that if it succeeds in playing such a part it will have the support not only of all members of this house but of the people of Canada.

Mr. Green: May I ask the minister whether he will comment on the present situation in Burma which appears to be very serious?

Mr. Pearson: Well, Mr. Chairman, I think maybe I should have made clear at the beginning that I shall be glad, of course, during the course of the debate, or toward the end of it, to deal with special questions which may be raised by hon. members; but since one has already been raised maybe I can say something about it at the moment because I realize there have been some pretty alarming headlines in the newspapers. The information which we have been able to get—and it is not easy to get information because it is a remote border of Burma—is, though one cannot be dogmatic about it, that the danger and the extent of this action by the Chinese communists have been somewhat exaggerated.

The border in question is not well marked. It has been disputed for many years, before even the advent of the communist government in Peking, and there have been border forays of this kind before. It is to be hoped that this is no more serious than the previous ones, and there is not very much indication that we have had that it is. We have also learned, and the press has reported it, that the Burmese government is in touch with the Chinese communist government on this matter. It will be recalled that the Burmese government has a treaty with the Chinese government which provides for the mutual respect of each other's territorial integrity. This will be an opportunity for the Chinese communist government to show whether it respects not only boundaries, but that treaty, and for the Burmese government to confirm, or otherwise, the confidence which they have placed in an agreement of that kind between an Asian country and the communist government in China.

Mr. Diefenbaker: I shall follow the lead of the minister and devote less time than usual to a discussion of international questions by reason of the fact that a committee has been sitting at length in this regard and has dealt with many matters which otherwise would have received attention at this time. My remarks will be general. My colleagues will fill in the various matters respecting which they individually require information.

Before I proceed I think I should say something regarding the chairman of the committee on external affairs. I want to say this with great sincerity. The hon. member for Nicolet-Yamaska, as chairman of the committee, has acted throughout with dignity, courtesy, and fairness to all members of the committee. I also want to say a word of congratulations to my hon. friend, the Secretary of State for External Affairs, on his elevation to a position of one of the free world's three wise men, and I only wish that he had enlarged somewhat on the work of the group with whom he is associated in the achievement of the purposes which he set out in the last few minutes of his address. As a matter of fact, what he said could have been said several months ago. For some reason he did not deal at length with two situations which today face the free world. One of those is the dangerous and truculent attitude on the part of General Nasser, and the other is the continuance of communist infiltration which in the last few days has seen a repetition in Burma of the communist actions in other parts of the world on other occasions. He mentioned the effects of the fear of hydrogen war. That fear of hydrogen war and its effect on the psychological attitude of

nations to war were dealt with at considerable length by Sir Anthony Eden, the Prime Minister of Great Britain, in his address on foreign affairs one week ago today. The minister has stated that the mutual deterrent of war has resulted from the certainty of mutual destruction. To put it another way, the fear of thermonuclear war has made peace popular even with the aggressors of the U.S.S.R. The minister did add a qualification, I think, when he stated that protection against the effects of hydrogen war might, in the not too distant future, dilute the deterrent effect of fear today. I had thought, however, that the minister should have dealt at somewhat greater length with the situation prevailing today in the Middle East.

First, with regard to Israel, I had hoped that by now the government would have been in a position to advise the house and the country that the request of Israel for export permits for sabre aircraft would have been granted. I feel that, having regard to recent events, there can be no justification for further delay in this regard. For a long period of time the dictator of Egypt was believed to have non-agressive designs. His speeches of the last few days, and in particular the one which he delivered when announcing the stand his government intended to take to nationalize the Suez canal, had all the exuberance, all the flamboyance and all the threats that were at one time common to Mussolini. In his recent address Nasser had led the free world to believe that he has taken to himself the garb of a dictator, as did Hitler and Mussolini, and he has indicated that he dreams of the day when his nation will control northern Africa from the Atlantic to Iraq and Iran.

Certainly the U.S.S.R. has been giving every assistance to Nasser to feed his appetite for aggression. Today Egypt has 150 MIGs and 45 bombers. Israel does not ask for assistance in aggressive warfare in the form of bombers and the like; what she is asking for is a few fighters to enable her to raise her defences should Nasser change from mere truculence in words to actual aggression.

Then with regard to the Suez canal, the arbitrary action on his part, challenging as it does international law, freedom under law among nations, breaking as it does the pledged word, may I say that I feel that Canada as the leading member of the British commonwealth at this time should give public encouragement to the stand taken by Great Britain, France and the United States. We should indicate that the reasonable attitude of mind and the calm consideration which these nations are giving warrants the moral support of Canada in these dark hours.

I would have thought that the minister would have enlarged somewhat upon our relationships within the British commonwealth and would have given more information than we have received as yet from the Prime Minister with regard to the decisions or at least an indication of the decisions reached at that conference, representative as it was of a large proportion of the world's population and a major assurance for the preservation of world peace.

As far as the Suez canal is concerned, if the canal is closed the danger to Britain's lifeline and to freedom's defence is fearful to contemplate. The closing of the Suez canal would bottle up freedom's defence in the Mediterranean. It would make almost impossible the maintenance of British trade which is being challenged today as the result of the economic offensive of the U.S.S.R. At the moment Nasser claims he has no such intention in mind, but it is only a few months ago that he with sweet words and in symphony with the U.S.S.R. spoke so warmly of his intentions with regard to Britain and the other free nations. His word has been proved to be false and valueless.

The minister was kind enough to let me have some figures indicating the importance of the Suez canal. Apparently the figures for 1953 are the last that are available but they indicate the following tonnages passing through the canal:

	Shipping Tonnage
United Kingdom	31,262,257
Norway	13,926,235
United States	4,123,498
France	8,425,534
Italy	4,991,152
The Netherlands	4,230,149
Sweden	3,169,113

Those figures indicate the need of maintaining and preserving the Suez canal for our survival. The oil from the east, which represents some 75 per cent of British imports, comes through the Suez. United States imports of oil and byproducts are also very large. The economic effects that would follow are indicated by the fact that if the United States had to change the direction of its ships around the cape it would add $46,000 to the cost of every tanker. That indicates the importance of the Suez, not only as a lifeline of freedom's defence but because of what it means to British trade now fighting a life and death struggle for survival against the U.S.S.R. in its new state-directed economic offensive. I ask even now that this government give to the world approval and support of what is being done

at the meeting which is today convened in London to the end that those three nations will realize that we in the free world are united.

Just a few minutes ago the minister laid some emphasis upon the need for unity. In my opinion, never before has it been more necessary and never before would it have given that encouragement and support which the statesmen meeting there and joined to us in bonds of freedom have the right to expect.

I am going to speak for a few minutes on the viewpoints expressed by the minister as to the changed attitude on the part of the U.S.S.R., in particular the change which has taken place since the meeting of the 20th congress in February last.

Everyone in the free world is still questioning the meaning of the destruction of Stalin's halo. He has been exhumed and his halo has been knocked from his head by axe and hatchet men who climbed to power by remaining his subservient dupes. Even as late as a year ago I was in East Germany and saw there something of the worship of Stalin. In every town and village, in monument and in picture, he was represented as a leader beyond reproach, one who in the words of Khrushchev was above all others the most trusted leader the world had ever seen.

Why the revelation indicating that he is a combination of mass murderer, torturer, leader of deportations and destroyer of the courts? Why should he now be pictured as a person who by mass starvation destroyed opposition? Why should he be revealed as a person to whom freedom under law consisted in the courts carrying out whatever orders he might direct or determine? I think the words quoted by Khrushchev indicate that the courts had ceased to be protectors even in the slightest degree, the words of Stalin when he communicated with the head of the security branch when the Moscow doctors were charged with having plotted against Stalin. Stalin said, "I want confessions, and if you do not obtain confessions from the doctors I will shorten you by a head." He said, according to Khrushchev's words, "It is a very simple way to get confessions. Beat, beat, and once again beat to get confessions; that is your responsibility."

Khrushchev also indicated the danger of being in public life when he stated that, of the 139 members of the communist party central committee of the seventeenth congress, 98 had been arrested and shot while they were still members of the organization.

Why the revelation? I presume that we in our generation will never find out. Why did those who followed Stalin in obsequious support find it necessary last February in an ideological convulsion to turn their backs on Stalin while at the same time failing in even the slightest degree to offer to return the loot and the spoils of his wrong-doing or even to show remorse for the mass deportation and enslavement of peoples? These are questions that we ask today.

Has the U.S.S.R. changed? The minister, I think, gave the answer, that while there appears to be a mental change there is nothing to indicate that there has been brought about a change of heart or, indeed, of destination. World tension has subsided. That is one thing that has happened. Sir Anthony Eden said a week ago today that for the moment an economic invasion seems to have been substituted for war, and he said he preferred an economic invasion to cold war. But everywhere in the world, while the leadership of the U.S.S.R. gives indication of a change, they continue their work to undermine those organizations of the free world that assure freedom.

The minister mentioned the North Atlantic Treaty Organization. I should like him to deal, when he replies, with the terrible effect on North American defence which will result should Iceland decide, not to disavow NATO, but to deny NATO the bases upon which North American defence can be pivoted. What are the hopes of assuring that the airfields at Keflavik will remain under NATO, regardless of whether the United States, by force of circumstances and by orders of the new Icelandic government with communist assistance, has to withdraw? What will be the effect on the north anchor of the North Atlantic Treaty Organization if Iceland persists in the stand that it is taking? The action taken by the government of Iceland cannot but arouse fears that the U.S.S.R., by its modified policy of wanton smiles, is achieving a melting of the mortar binding NATO together.

The minister mentioned that he believed that more and more political unity is important in the shift that has taken place on the part of the U.S.S.R. from military to economic aims. I wish he would amplify that. What has been achieved as a result of the meetings so far on the part of NATO, in connection with the economic features of the U.S.S.R. world offensive? Has there been any move to assure that among the NATO nations there is a realization of the need of the preservation of our economic strength? Has there been any degree of acceptance on the part of the members of the North Atlantic Treaty Organization of the need of removing tariffs that today prevent that exchange so necessary of goods between those nations, so that in solidarity and unity NATO may be

preserved, when the fear and the threat of potential war are removed? What is being done to meet the offensive on the part of the U.S.S.R. whereby all over the world the U.S.S.R. has salesmen who combine the purcase and sale of goods and merchandise with political infiltration? These are questions that are of immediate moment, for in the last nine months the U.S.S.R. has entered into 39 trade agreements in all parts of the world wherein the profit of the balance sheet has been secondary to the profit of submerged souls in the nations that are at the moment beneficiaries of economic assistance.

In his remarks I think the minister gave a strong word of warning to those who believe that all is changed and fear is generally removed. He mentioned the captive peoples, a matter of tremendous interest to many Canadians of various racial origins. Not one word has been uttered by Khrushchev or Bulganin that in any way proclaims liberty to captive peoples or to those imprisoned or in slave camps. The dinner in London showed the attitude of the U.S.S.R. When Khrushchev was asked to free 170 social democrats whose only offence was that they did not agree with the U.S.S.R. and its system Khrushchev replied with great heat, "Never, never, never."

Is there anything to indicate at all so far as the U.S.S.R. is concerned that free elections are going to be given to the Balts, to the Ukrainians, to the Poles, to the other captive peoples? Khrushchev said in February at the meeting of the Congress that these peoples loved the freedom of the U.S.S.R. No, there is no suggestion of remorse on the part of Khrushchev or Bulganin for their terrible wrongs and there is no hope expressed of the possibility of freedom being given to these peoples or the opportunity of free elections.

I was very much struck by one expression that the minister used. He said that nowhere in the world had any nation voted itself by the ballot into communism. Until the U.S.S.R. expresses its remorse and accompanies this expression of remorse by actual action which will enable those people behind the iron curtain to look forward to the day when freedom may be theirs, we have a right to look with great suspicion upon the spurious offers of warmhearted international co-operation. What should we do? There are many who say that in view of the change from emphasis on warlike production to economic competition there should be considerable reductions in military strength. That view is held throughout the free nations. Sometimes one is apt to forget, however, in holding that view that the U.S.S.R., while always protesting its belief in disarmament, has under arms today four and a half million men in its army, a million and a half in its air force and a million in the navy and that during the last year it has increased the number of its submarines from 420 to 450.

However, even in the face of that the Prime Minister of Britain indicated last Monday that there had been such a change of attitude that there must come reconsideration of the question of the numbers in the armed forces of the several countries joined together in freedom. Sir Anthony Eden said that the United Kingdom will not make any sudden or abrupt decision which might throw the whole military gear of our western unity into confusion, but he did state that the time has come for a reappraisal of our situation among the free nations. Within the limitations that security demands, would the minister say what is being done in this regard in the North Atlantic Treaty Organization? What happened at the last meeting of the NATO security committee with regard to this question? This matter is of paramount importance, for as long as our expenditures for military defence continue at their present heights to too great an extent the free nations find themselves in a position where they are unable to compete against the economic offensive of the U.S.S.R.

The U.S.S.R. can compete in commodity markets because price is of no consequence. The price at which it sells in order to compete successfully involves no fears for the U.S.S.R. The price which the U.S.S.R. is prepared to pay for cotton, wheat, rubber or other strategic products has had an effect in various parts of the world where these products are in surplus—I refer to products other than wheat in this regard—of undermining the determination of those nations to stand in resistance against the advance of communism. It is one o'clock.

The Deputy Chairman: I should point out to the hon. member for Prince Albert at this time that he has spoken for more than 30 minutes, but of course with the unanimous consent of the committee he will be permitted to conclude his remarks this afternoon.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Diefenbaker: Mr. Chairman, at the time of the adjournment, I was summarizing the representations that I had to make. I had covered the questions of the need for maintaining military strength and for enlarging and expanding the concept of the North Atlantic Treaty Organization. I had also dealt

with the question of trade and the new Russian pattern of offensive throughout the world, and had referred to the commonwealth prime ministers' meeting regarding which little information has as yet been given to parliament. In the London *Observer* I read as follows:

> The economic challenge in Russia's new policy has been a dominating theme of the commonwealth prime ministers' conference in London.
>
> The range and scale of the Russian trade drive is at present small in comparison with the commercial activity of the west. But its totalitarian methods put the competitive free world at a disadvantage, and unless a way is found to match them, could enormously increase the Russian rewards.

I feel that the house should receive in detail the picture of the problem as the commonwealth prime ministers saw it and also of what means were arrived at, whether tentatively or finally, with regard to this matter. In the speech given by Mr. Shepilov —now the foreign minister—at the twentieth congress of the communist party we had a warning that this new type of offensive was to take place. He said this:

> The countries of the socialist camp propose to test the advantages of the two social systems in competition in the arena of peaceful economy, not in rivalry on the battlefield . . . Socialism has become a world system which is gaining in stature and strength . . . Before the second war the socialist system accounted for 17 per cent of the world's territory, 9 per cent of its population, 7 per cent of its industrial production; today "we" occupy more than 25 per cent of the world's territory,—

As compared with 17 per cent of the world's territory just before the war.

> —comprise upwards of 35 per cent of its total population, and account for roughly 30 per cent of its industrial production.

Mr. Shepilov has since then become foreign minister, so that his words carry with them a peculiar importance and also an ominous warning to the free world. I ask the minister whether or not, in the interests of preserving and maintaining the strength of the British commonwealth in its crusade for freedom, there should be convened a British commonwealth trade conference to the end of rectifying the present dangerous position in which Canada finds itself in relation to the United States in buying almost $1 billion worth of goods a year more than the United States sells here. Does not that situation demand that effective and vital action be taken in order to expand our trade elsewhere? For it is only through trade that the debits of trade can be met by the credits of trade, regardless of how many countries that trade may include.

I say this to the minister. He pointed out—and in this I join with him—the fears of these people behind the iron curtain, these countries that were subjugated by Stalin and also by his predecessor Lenin. I feel that these peoples who live in slavery must be made to realize that the free world has not forgotten them. The outbreak in east Berlin in 1953 revealed that there were cracks in the monolith of communist unity. Those cracks were again revealed to a larger extent in the recent uprising among the Polish people in Poznan. Those cracks reveal that communism faces increasing difficulties in restraining the pressure of freedom-loving people under their control.

A year ago, when I was in east Berlin, the number of refugees who were fleeing from communism to the west numbered about 10,000 a month, as I recall it. The number during the last month and in recent months has been up to 22,000 a month. This fact reveals clearly that however sternly the communist governments in those satellite countries look upon migrations from those countries, more and more of the peoples under their control are using every means at their disposal to escape from the tyranny under which they live. In "The Old regime" de Tocqueville said this of the French revolution:

> The evils which are endured with patience so long as they are inevitable seem intolerable as soon as a hope can be entertained of escaping from them.

That is as true today as it was then. What has taken place in Poznan in Poland and what took place in East Germany show that there is a feeling of ferment. At this time when the U.S.S.R., in such grandiloquent terms, is espousing its conversion from the awfulness of Stalinism, I think that Canada and the western powers should give consideration to calling on the Soviet union to restore freedom to the subject nations of eastern Europe. Let us give them a message of hope. The United States did that after Poznan. The state department expressed sympathy with the families of the dead. They let those people know that they were not being forgotten. At this time, when the U.S.S.R. is endeavouring with all its might to lead the western world to believe that it has changed its attitude, I think that a declaration of moral support would give new hope to the peoples of the Ukraine, Poland, Czechoslovakia, the Baltic states, east Germany and those elsewhere. It would keep burning their uncertain light of freedom. It would give to them a realization that the conscience of the free world believes that only in the restoration to freedom of the subject peoples can there be the achievement of an assured peace, something towards which all of us strive. Should we not also say this to the U.S.S.R. at this time: In

order to prove that what you are saying will be matched by what you are doing, you should carry out the principles which you accepted in paragraph 3 of the Atlantic charter. You should give to the peoples under your control the right to decide for themselves the form of government they will have.

Khrushchev has placed communist control on the horns of a dilemma. If in carrying out his avowed principles a small measure of freedom is granted to the people who are today subjected, then those people will ask for more and communist rule will be in danger. If, on the other hand, those subjected people are denied any further measure of freedom, then bitter resentments will ultimately bring about outbreaks of violence similar to those that have occurred in recent months.

Then, sir, it appears to me that if Khrushchev means what he says, should he not at this time, and should not Bulganin in association with him, grant to the people in slave camps, grant to those who have been the subject of mass deportation, the freedom which Khrushchev, Shepilov and Bulganin avowed in such eloquent terms? I cannot believe that the present leaders of the Kremlin are sincere when all they do is condemn Stalin but accept the benefits that flow from the tyrannical practices of Stalin. They renounce what he did but they keep what he illegally got. To renounce wrongdoing, the wrongdoing of the thief and the plunderer, and to keep the bounty which was the result of that wrongdoing, does not carry with it a sense of conviction of repentance for wrongdoing and a desire for a better life.

Then, sir, I should like to have heard the minister deal as well with the concept which particularly is being adopted by the United States and also by Britain, namely, the expansion of economic assistance to the underdeveloped countries, economic assistance comprised within the broader concepts of defence. As the president of the United States has said, every dollar we put into this kind of thing, if it is intelligently spent, is to my mind in the long run worth every $5 we are putting into shared defence because, in the long run, it is a constructive thing. What consideration is being given of a reassessment of the question of the amount that should be spent on tanks, guns and ships and the amount that should be made available for underdeveloped countries?

I am not thinking of the kind of policy, however, that makes promises and does not carry them out or makes promises of economic assistance based on the tractability of the receiving nations. One of the reasons for the Suez situation today is the fact that the United States made certain promises, in which Britain co-operated to a degree, of assistance, fearing apparently that the U.S.S.R. was going to grant a large amount of assistance to Egypt. The promise was made but it was not kept for reasons that were given some two weeks ago. Then the nature of the U.S.S.R. policy of blackmail became apparent, for the U.S.S.R. reneged on its promises which indeed had caused in large measure the promises of assistance made by the United States. I am not speaking of assistance based on the need of the receiver to accede to the political philosophies of the free world but assistance to raise the standard, and without strings.

I should like to ask the minister to outline, if he will in reply, whether there has been a degree of unified policy between Britain, the United States, France and the other nations in this regard, for certainly the U.S.S.R. is striding across the world today, amongst the underdeveloped countries in particular, and with promises of economic assistance is asking those countries in effect to trade their freedom for a generation for the security of today.

Those are but a few matters that I thought I would bring before the committee at this time. I feel that Canada's position in the world in which we live might be one far beyond its economic power and population. Disarmament conferences there have been, although they are postponed now apparently until after the United States election. Peace and its achievements should not be dependent upon or suspended by elections in any of the free nations, as I see it. Be that as it may, free men today must not weary. All of us must endeavour to do our part to achieve a climate of peace, maintain our strength and practise the principles in which we believe. We should make democracy work in our own midst and in the market places of world competition, the competition of coexistence, be able to show that our product is better than theirs. That is our responsibility in the long run. In the shorter view, it is to preserve peace by the maintenance of our defences, by the realization of what freedom means and at the same time by doing our part to be sure that those nations behind the iron curtain, who love freedom as we love freedom, have not been and will not be forgotten.

Mr. Stewart (Winnipeg North): Mr. Chairman, it is quite obvious that what is uppermost in the minds of members of parliament and, I should imagine, in the minds of a vast majority of the population, is what is the goal of the U.S.S.R., what is the meaning in the changes which have taken place there?

I think the changes of the moment have meant a certain slackening in tension which I for one welcome. I would refuse to make any forecast as to the future because it is as murky and obscure to me as it is to any other member. Nevertheless, I still retain a fairly healthy degree of scepticism as to the future plans of the Soviet union.

The member for Prince Albert suggested that Khrushchev was perhaps being impaled on the horns of a dilemma. I think that gentleman is much too shrewd an operator to be so impaled. In the near future the obvious tactics of the Soviet union are going to urge the underprivileged people to fight for their own freedom, while refusing that very freedom to the people who are within the power of the Soviet union. Nevertheless, changes are taking place and the changes unhappily are not all to our benefit. Only a year ago almost to the week there was a meeting in Geneva, a meeting at the summit, a very highly touted meeting, which received publicity the world over, at which the leaders of some of the great nations attended. I think that if one were to draw or plot a graph of the progress of the plans of the Soviet union in the past year that graph would slope upward, and if we were to draw a graph of the progress of the west in the past year it would go down. The reason for that unhappily is the lamentable lack of leadership which the west has been showing, and none of us is guiltless. That was proved perhaps most cruelly by Walter Lippman, when he said in an article some months ago that the leadership of the west is in the hands of preoccupied and harried men in London, of weak and distracted men in Paris, of a very old man in Bonn and a sick man in Washington. That being so, there is none of that moral and political leadership which I am sure many of us in this house would like to see.

The soviets are battling us in the field of ideas and at the moment they prevail and we do not understand why. It is difficult to understand, from our vantage point, because we know that when they speak to the underprivileged people of the world about the horrors of colonialism the Soviet union itself is the greatest colonial power in the world and that within its own confines it has taken masses of people into slavery in Siberia.

The Soviet union talks of peace, yet only a few months ago it armed Egypt in such a way that Egypt has become a dire threat to peace. The Soviet union wants to ban the atom bomb, yet is does nothing effective, and oddly enough it is selling this curious propaganda to the peoples of the world. It is time we in the west called the bluff of the Soviet union. It means we have to act rather differently from what we have in the past.

Certainly, there are changes taking place in the Soviet union. The heady wine of freedom is fermenting. We see it in Poland, though it is not in the Soviet union but is a satellite. We see it amongst the workers of Poznan and, if we were doing our job intelligently, we would be showing the peoples of the world just what happens to the workers of any country who rebel against the power of the Soviet union. That desire for freedom is showing itself in Czechoslovakia today, in Hungary and within the Soviet union itself in the Ukraine. There is a country which is much older than Russia, a country which has a greater history in many ways than Russia, a country which has often been submerged throughout the course of history and which yet has always survived and emerged because of the desire of its people for freedom, a desire which we see expressed in our own country, for I disagree with the minister that the Slav is essentially one who yields to autocracy. We have many people of Slav descent in our country who are amongst the strongest fighters for freedom. If that is so here, then it is so also in the people in the land from whose loins they sprang.

We have, then, to give, as was suggested by the hon. member for Prince Albert, encouragement to those people. No one will suggest for a moment that we go to war to liberate them. That is not in the minds of anybody, but there is deep-seated within the human mind and the human soul this hope and desire for freedom, and somehow we have to convey to them our intention that eventually they are going to be free, as we know freedom.

I will admit the obvious fact that in the world of power politics today one cannot negotiate from weakness; but we have, in my judgment, placed far too much emphasis on arms and defence pacts, with the result that we are not able to sell the many worthwhile beliefs which we accept. Today there is a different atmosphere and it has us baffled. We knew how to deal with the blustering and belligerent Stalin. We do not know how to deal with the blandishments and lures of Khrushchev. We have not yet adjusted to the new system which apparently is prevailing.

As I said, we do not know how long this is going to last. We know now that every crime we have laid at the doors of the Kremlin has been amply confirmed; but I suspect the error we are still making is that which we have continued to make. We are fighting international communism on the

ground of international communism instead of on the basis of our own specific ideas, hopes and aspirations, not only for ourselves but for the people of the world; we are fighting in an entirely negative sense, and yet the west has a great contribution to make. We have not managed to get over to the peoples of the world what this contribution is—our concepts of law, our concepts of impartial justice, our concept of representative government, our concept of the freedom of the individual. These are the things we believe in. For some reason we have failed miserably and lamentably in letting the world know that these are the positive, affirmative things we believe in, these are the things that make life worth living for any human being. But all of them have been smothered in our insistence on pacts.

Let me remind the hon. member for Prince Albert that we cannot go to the people of Asia and say we believe in these things and still ask them to join in SEATO or in any of the rest of the pacts that they themselves abhor and will have nothing to do with. What do we want these pacts for? The people of Asia believe we want them, and with much justification, to defend ourselves, and they are not interested in defending us. On the other hand, were we to go to them, the underprivileged people, the colonial peoples who still exist, and say to them, "We want to come to your defence against the evils of poverty and we are prepared to do something about it without any strings attached." then I am sure we would get much farther.

Today we are losing the political battle because of our insistence on securing alliances. Today our military security depends upon political security, and that was never more demonstrated than by the situation we see in Cyprus. The United Kingdom would have been much more secure had they come to terms with the Cypriots, but we have a situation there which has in it the elements of tragedy as we have the elements of tragedy in Algeria. We should remember that Algeria is different from Tunisia and Morocco, but in both these cases repression will not make friends; repression is not the answer in either of those instances.

Some terrible errors have been made and we refuse to learn, but unfortunately the eyes of Asia are on every mistake and every error which we make. Yet all the time we get statements, mostly emanating from Washington, which would lull us into a sense of false security. We have Mr. Dulles saying that the Soviet union has failed to keep up with the rest of the world. What a piece of utter absurdity. Then we have his statement about leading the western world to the brink of war, to be rescued later by his statesmanship. Mr. Dulles may deceive himself, but I am sure he does not delude other people in this world.

Obviously the battle today is on other fronts. The minister referred just in passing to what was happening to industry in the Soviet union. I should like to document a little more what he said. The Soviet union is going ahead at a great rate with its industrialization. According to reports issued by Lloyd's bank a few months ago, in 1950 the industrial production of the Soviet union was equal to 35 per cent of the industrial production of the United States. By 1955 the industrial production of the Soviet union was equal to 50 per cent of that of the United States. In other words, during those years United States production increased by 24 per cent while Soviet production had increased by 75 per cent. This is part of a deliberate plan of the Soviet union.

They are making progress so much faster than we are in so many ways, and one way in particular is in the field of professional manpower. I suppose hon. members got in the mail, as I did the other day, an extract from a magazine called *Chemistry in Canada* containing an article by Garnet Page, general manager of the Chemical Institute of Canada. Referring to the Soviet union he had this to say:

> It is expected that 71,200 engineers will graduate in June, 1956, as compared to 36,000 in 1950, and that the goal of the present five-year plan to graduate 100,000 engineers in 1960 will be realized, since the students are already enrolled in the preparatory courses in sufficient numbers.
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> The total number of university and institute graduates from 1946 to 1950 was 652,000, from 1951 to 1955 was 1,120,000, and the goal of the sixth five-year plan, 1956 to 1960, is 4,000,000.

The article goes on in similar vein. There is confirmation of that in the statement of Mr. Allen Dulles, director of the United States central intelligence agency, who said not long ago that in the decade ending in 1960 the Soviet union will have 1,200,000 scientifically trained men, and that at that time they may outnumber the United States. It is conceivable that they may outnumber the United States, but as of this moment, on a per thousand basis, those in universities in the Soviet union outnumber those in Canadian universities by the ratio of five to two. It is time from the point of view of defence if for no other reason, that we paid greater attention to the training and education of technicians in this country. But heaven forbid that the day would ever come in Canada when we forget the humanities, because when we forget them we will have forgotten the most of what is worth while in life.

Yet we are living in a technical era and we are going to need the help of technical men, scientists, engineers and so on. As part of our national defence we ought to be making abundantly certain that we have a reservoir of trained talent. But that is not being done, first because it is apparently regarded as not being important and, second, because the government does not care to support the universities. They argue that that would be in the nature of aid to education. I suppose within limits the government could be right, but from the point of view of the well-being of the community as a whole I insist that they are quite wrong. Our universities must be aided and our students must be aided so that we can produce the requisite number of technicians, engineers and even philosophers which a society such as ours requires.

That is a problem which the government will have to tackle, but there are other problems in the international sphere which are of course much more immediate. One we see confronting us is the situation in the Middle East. There is something ironical about that situation. Nations are insisting that there must be complete freedom of travel through the Suez canal. I suppose it depends upon whose ox is being gored, but the Egyptians would not permit the state of Israel to send ships through the canal and that action was rebuked by a resolution passed by the United Nations. Nothing else was done but when Nasser threatened the larger powers, or when they thought he had threatened them, then action is rapid.

But what sort of action can take place? After all, the ownership of the Suez canal is not the business of Canada. We have no shareholdings in that operation. It is only when it becomes apparent that disagreement over the canal may lead to war that we become directly interested. But the ownership per se of the Suez canal does not mean very much to us. On the other hand, the right of a maritime power such as we are to freedom of access to the Suez is most important. We want to see it maintained. But we do not think this freedom can be guaranteed best by a small group of powers guaranteeing it. As the minister said today, we believe that this should be decided by the United Nations and that control should ultimately vest with the United Nations.

The minister put in a qualifying clause, "if practicable". I am convinced it is quite practicable to do that if the will is there. I am getting rather tired of the continual bypassing of the United Nations by the big powers and by some of the smaller ones as well. The United Nations is there to be used. It should be made as far as we can into a virile international instrument and that can be done only if it is used more than it is at the present time when problems arise.

I see no reason to believe that war will break out because of what Nasser has threatened to do. The main thing to remember is that to send warships there or to have a demonstration of power would be a piece of fatuity which would only be excelled by going to war over this issue. It can be settled in other ways and I think it must be settled through the United Nations. That is also the view of my colleagues.

Some reckless move in the middle east might conceivably drive Egypt to war. Egypt would not go to war with a great power, but if Nasser wishes to distract the attention of the people from what he might consider to be an affront to Egypt he might conceivably think of a war with Israel. It has been part of our general policy throughout the last few years to preserve as far as possible a balance of armaments in that area, yet we know that that is not completely possible. Israel, a nation of 1,750,000 people, cannot afford to arm to the extent of several nations with a population of over 40 million people, but nevertheless the imbalance today is much too serious and in my judgment we have to do something to redress it.

What we ought to do, in my judgment again, is to give Israel the aid she is asking in the form of aircraft to combat any attempted aggression. Israel, I am afraid, is on her own. I see no chance of peace coming in the Middle East at one fell swoop. We shall not see it for a number of years and then only by nibbling off one outstanding problem after another. That, I think, is what General Burns has been trying to do, and I join with the minister in his tribute to General Burns on his great service to the United Nations and indirectly the credit he has brought Canada.

However, there might be another way to restore some sort of peace in the Middle East. The West may not like it, but I see no alternative, if my judgment is right that peace there in the next few years is almost impossible of attainment. We have to approach the Egyptians and the Arab peoples and offer them the capital assistance they need if they are going to improve the conditions of the people who live in their countries. We should not do it unilaterally or bilaterally or trilaterally; we should do it through the United Nations, which is the proper vehicle for this purpose. The proposition should be put to the people of the Arab countries and to Egypt that the necessary money will be

loaned to them for constructive social purposes if they are prepared to put up a similar amount of money and the United Nations would supervise, as far as it can, whatever construction takes place.

The hope behind that would be that, if there is a genuine desire on the part of the Arab states and Egypt to improve the conditions of their people, then the money they will put into social improvements will be such that they will not be able to devote as much as they do now to arms, and therefore in a negative way we might perhaps achieve some sort of peace within that area. The situation in the Middle East is serious, but there are no man-made problems which are insoluble if we are sufficiently generous and sufficiently wise.

There is another problem which will be facing us in the near future, that of Germany and NATO. I do not intend to discuss NATO at this present juncture, though I hope I shall later, but I am going to say this. The Dulles-Adenauer coalition in Germany is not going to work. The people of Germany want more than anything else today to be united. The policy of Mr. Dulles and Mr. Adenauer has failed dismally; in fact, it has ground to a stop. They have no answer to the problems and to the requests of the people of Germany for unity. Next year there is going to be an election there, and next year I suspect the political climate will be quite different within the government there, and then Mr. Dulles will be faced with an agonizing reappraisal indeed if the Germans decide that they are going to withdraw from NATO and, as a quid pro quo, among other things, go to the Russians to get the unity they desire.

However, I wish to talk for a few moments about Asia. All is not so quiet on the eastern front as perhaps we might imagine. It is true that there is nothing in the headlines but, although the situation of the offshore islands at this moment is perhaps calm, although the waters off Formosa are quiet, that does not mean to say that this will continue for any length of time. We know, and we have history to prove it within the past few years, that, whenever the west became interested and involved in something in this part of the world, some incident would break out in Asia. That is a matter we ought to remember.

The minister said today that the policy of the government on Asia has not changed. I regret that, although I must say that our policy has not changed either. We still believe that the people of Formosa have the right to decide for themselves how they are going to be governed. We still think it would be the better part of wisdom, no matter how much we dislike the Mao Tse-tung government, to have China admitted into the United Nations. That country cannot be kept out indefinitely, it is a piece of nonsense to suppose that Chiang Kai-shek on Formosa represents the people of China today. Why do we not do it? Perhaps there are domestic reasons but there is also another.

One of the aspects of our policy which I do not like and with which I disagree is that too often we and other nations find ourselves prisoners of a United States political system. Whenever there is an election, whether it be a presidential election or a congressional election, practically every problem in international affairs bogs down and comes to a stop for at least six months until these elections are decided. Why should we have to put up with this? We are a reasonably independent nation. Why must we always wait for the Americans to decide what they are going to do before we make up our own minds? I think it is high time we in Canada decided what policy we were going to pursue in Asia and then carry it out.

The future of Asia is going to determine the future of the world. We cannot get away from that. There you have a struggle for leadership: India is striving on the one hand and in a democratic way for leadership; China striving the other way, in the communist way, for leadership. Nehru the democratic socialist; Mao the communist; which is going to be successful? Upon that answer depends Asia, for I am certain that India's future will determine the future of Asia, as I am certain that if India goes the Chinese way all Asia goes that way.

We have not yet in North America tried to understand the Asian mentality, and it is not too difficult to understand if we, as human beings, put ourselves into the position of human beings in Asia with the problems with which they are confronted. One of the things with which we would be most imbued would be a hatred of colonialism. One of the things with which we would be most imbued would be a hatred of domination by the white man, to which these people have been subject for many decades and in some cases centuries. We have a terrible legacy to live down, and it is not going to be easy. Yet we have the spectacle today of Mr. Nehru, trying to achieve democratic government and to give his people that hope which is their right and their due. We have Mao trying in his communistic way to give the people of China the hope which he feels is their due. We cannot forget that with the great mass of Asians, despair has been their daily companion and hopelessness has been their inevitable lot. But now they are seeing

gleams of hope. Where are they going to see the most hope, in the democratic country which is being built in India or the communist country which is being built in China?

We have a big task to do in Asia. There is a terrific amount of ignorance of India in the United States, and in many parts a great hatred of India and of Nehru. We have prided ourselves, not altogether rightly, in the past on being an interpreter between the United Kingdom and the United States, but perhaps we could perform a very useful function if we were to try to interpret India to the United States, and also, of course, the United States to India. I think that there we should be performing a very valuable public duty. But what we have to remember above all is that India has really no sense of identity with the western world. We are proud to call the Indians our friends; the relationship between the two countries is excellent; but India is going to look at its problems with the eyes of Asia and not with the eyes of North America. One of the problems the Indians have to overcome is the problem of poverty within their own country. All the people of Asia want equality with the west, but there is only one way they can get that equality, and that is by industrialization.

If they are going to industrialize within each country separately then they are going to depend upon the savings of the workers, the farmers and the businessmen of the country, and there are not enough savings to go in for industrialization in any wide way. The alternative is either, to use a word I dislike, the Sovietization of the economy or else we in the west who are blessed with a surfeit of the world's goods come to their aid. Again I say this should not be done bilaterally or in any other way but through the United Nations. That money should be lent at the lowest possible rates of interest and lent, of course, without any strings attached. If we do not rescue Asia from the worst menace, the worst menaces really, of industrialization, then I am afraid Asia will side with the communist powers no matter where they may be. It boils down to this one ineluctable fact, that the system which wins Asia wins the world.

Mr. Patterson: Mr. Chairman, today the committee is being called upon to approve the proposed expenditures for the Department of External Affairs for this year. The amount, of course, is of vital importance but I think there is something of greater importance than that and it is the policy which is being followed by the government and by the Department of External Affairs for the furtherance of which this money is requested. We have been considering in the past days the military

[Mr. Stewart (Winnipeg North).]

aspects of our national defence program, and this may be looked upon more as the political and diplomatic phase of that same program. The international scene remains, as has been stated, disturbed and threatening, and certainly with the events that are now taking place, especially Egypt's nationalization of the Suez canal, the situation seems to be becoming worse instead of better.

This afternoon I should like to refer to a number of problems that are confronting the world in general and at the same time remind ourselves of the place that Canada occupies on the stage of world affairs. It has been my privilege to be a member of the committee on external affairs for the past three sessions and I may say I have found it intensely interesting, for there we have the opportunity of getting a little more of the detailed information than is possible in a committee of the house or in any other way.

This year we had statements made by the Secretary of State for External Affairs followed by various officials of his department, Mr. Nik Cavell, General McNaughton and others who made reference to the particular matters for which they were responsible. Listening to the speech of the Secretary of State for External Affairs on the introduction of his estimates today, we had another view of the international situation from one who of course is in a position to know more about it than any other member of the house. I often think that we who take part in these debates speak at a great disadvantage because of the fact that we are dependent largely upon newspaper reports, magazine articles and brief reports given by the minister from time to time in trying to gather up fragments here and there and put them together in order to try to form a picture of world conditions from the various segments that are given to us.

However, as we listened to the minister today there was one thing that impressed me very definitely, and that was the continued firm attitude that the minister is taking with regard to Soviet attempts to, shall I say, disarm the western powers and get them to the place where they will soften up, relax their vigilance and thus perhaps give further advantage to the aggressive designs of Russian communism. I should like to commend the minister for the statement he made in this regard and for the attitude he has taken in this respect. Certainly we would request and urge that that policy be maintained in the interests of peace and freedom.

Therefore, in thinking of these particular matters that have been called to our attention today and having also listened to some

of the other speakers who have taken part in the debate, I feel I should like to make a few comments and observations with regard to external affairs. I am not going to cover all the different fields. It may be that an opportunity will be presented for others of this group to take part in the debate. The hon. member for New Westminster in particular will be taking part because he had the opportunity of attending the session of the United Nations organization last fall and was also a member of the delegation to the NATO conference. Therefore I will leave those two matters to be dealt with by him.

As we look at the world today and face the situation we are reminded that the threat of communism is a continuing threat. Much has been said and written about the changes in Russia's internal policy. Perhaps we are interested in that aspect of the situation but certainly we are interested to a much greater extent in the seeming changes in Russia's external policy. Reference has been made today to the iron regime of Stalin, and of course we all realize that in his day a strong iron hand was exercised in every aspect of the economy and every aspect of Russian policy. There is some hope that at the present time that iron grip has been relaxed and that greater liberty and freedom are being given. But again I would say that personally I am not prepared to accept even that suggestion.

There may be a little different approach, there may be a little different strategy used, but certainly I feel that, as has been indicated by very recent occurrences, the iron rule of communism still is maintained in the Soviet union. There is talk of co-existence which means as far as communism is concerned no existence for those who disagree with them. There have been smiles instead of frowns, but I do not think that we can depend too much upon that as an indication of any fundamental change in the policy of the Soviet union. We are reminded of some of the statements that have been made quite recently in this particular respect, especially by Mr. Khrushchev. I have a copy of the NATO letter of June 1, 1956 in which is found an excerpt from a statement by Khrushchev used by Lord Ismay in certain remarks he made. The pertinent part reads as follows:

> If we could believe that these changes in tactics meant a real change of heart, how happy we would all be! But are we justified in basing our plans on that belief? Quite recently Khrushchev himself gave us the answer. This is what he said: "The west say that Soviet leaders smile, but that their actions do not match their smiles. But I assure them that the smiles are sincere. They are not artificial. We wish to live in peace. But if anyone thinks that our smile means that we abandon the teachings of Marx and Lenin or abandon our communist road, then they are fooling themselves.

In putting that alongside the smiles that have appeared from time to time, I think we would be well advised to remember the frowns and to remember that, in the final analysis, the great plan of communism has not changed in the least.

The suggestion has been made—and I believe it is true—that to a considerable extent the cold war has moved into the realm of economic and political warfare. What I do not like about the thing is this, there are those who say that the policy has changed, that the Soviets have changed their program and have changed their plans and that they are now going to use economic and political measures instead of military means. I quite agree that they are using these economic and political aspects of the cold war, but I do not believe they have given up their idea, their intention and their determination to use the hot war and military means in order to achieve their ends if they are not able to achieve them by these other methods.

We have been greatly interested in reading in the last few days of events as they have been taking place in various Soviet satellite nations. We find that in the different countries—and also in the countries of the free world—the communist supporters and sympathizers have been having a difficult time to adjust their thinking and their planning to the meanderings of the Soviet and Kremlin line. However, as the minister stated this morning, it seems as though they are making the adjustment. Their allegiance, I would say, is still with the Kremlin rather than with the respective nations in which they reside. Hence we hear of the reports of the riots in Poznan. I have here an article—I am not going to read it—talking about the unrest and turmoil in the Baltic states. I have another one with reference to the situation in Tibet. This is from the Ottawa *Citizen* of July 31 and it reads as follows:

> Reports from Tibet said today rebel Tibetan tribesmen massacred a delegation of several hundred Chinese communists after peace talks broke up in a quarrel.

Those are indications that all is not well in these satellite nations, the nations that are today ruled by the Kremlin, whether directly of indirectly. These people are giving vent to their feelings by taking their lives in their hands and staging riots and demonstrations in order to demonstrate the fact that they still value freedom and are willing to die for it. So today it would appear as I have said, that all is not well in these particular countries. As has been said by other speakers today—I have referred to the matter previously—I believe that before Russia can expect the free nations of the world to accept her propositions at their

face value, before she can expect us to respond and think that her proposals are well taken and well meaning, certainly she should be prepared to grant to the peoples of the countries under her domination the right to make their own choice and the right to elect their own governments, or in other words the right to self-determination. We in this particular group believe in the self-determination of peoples. We believe that these various nations should have the right to make their own choice and to elect the kind of governments that they would prefer to have. I should just like to refer to a speech that was made by the leader of our group in Winnipeg just a short time ago. This is what he had to say with regard to the self-determination of peoples:

> It is because we place such great importance upon individual liberty that we take the position that the various peoples of the earth should be free to choose whether or not they shall enjoy independence. In our Social Credit charter we declare ourselves in undivided support of moral and political principles of national independence, the sovereignty and self-government of all nations and people, which does include the Ukraine and the other captive non-Russian nations in the Soviet union. We have always championed the principle of self-determination, and we do feel that until this principle is firmly established in our international understandings and practices there can be little hope for world peace and happiness. Moreover, we Social Crediters sincerely hope that Britain and Canada and the United States and the other free nations of the world will uphold the declaration of General Dwight D. Eisenhower when he said: "We shall never acquiesce in the enslavement of any people in order to purchase gain for ourselves."

We sincerely trust that the day will not be too far distant when these people who at present languish under communist domination will be able to exercise their rights as human beings and choose according to their own desires.

With regard to the analysis of the changes in the Soviet position in these particular matters, I think it would be well for us to remember the statements of some of the statesmen of our world. General Gruenther, supreme allied commander in Europe, speaking in Edinburgh on May 16—and this is as reported in the NATO letter of June 1—with regard to reductions in Soviet forces, said this:

> So, from the standpoint of their effectiveness against us, the changes they have made give us no reason to change our strategy or our requirements.

And then further down:

> Why the Soviets have had this tremendous force we have never been able to understand, and I feel that what they have done now is simply to come to a delayed recognition of the same type of thinking that our side has engaged in for several years.

[Mr. Patterson.]

Then finally, the last part of the last sentence:

> . . . but as to lessening our guard, as to lessening the requirements of the forces to implement the plans that have been very carefully considered, I think it would be a very great mistake if we should come to any such conclusion now.

President Eisenhower has also made statements in the same vein. I think the Prime Minister and the Secretary of State for External Affairs have added their voice and have expressed the same opinions with regard to this particular matter. As we listened to the Secretary of State for External Affairs give his address this morning, the thought came to us that all of these things that he was saying have been said before, or practically all of them. We were glad to hear a clear-cut statement once again. He painted the picture as he saw it. However, I do not think he outlined clearly and definitely what is the government's policy to cope with this situation. While commending the minister for his address, I think we could criticize him in this particular respect, namely that he has not come out clearly and stated what the government was preparing to do and what its policy was with regard to meeting the situation, facing it and doing something positive about the problems which confront us right at the present time.

I have a clipping from the *Globe and Mail* of June 29 under the heading "Views of Prime Ministers Vary on Soviet New Look". This article is by Harvey Hickey, and I should like to read two paragraphs of it:

> Some of the western diplomatists—and these are not confined to the commonwealth—are getting weary of conferences poised on no other basis than on what to do about something that the communist bloc has already done.
>
> Why, they ask, are we always put in a defensive position? Why can't we do something that will provide a meeting in the Kremlin to decide what they should do about us? The questions merely underline the fact of the world situation today, namely, that the communist powers have taken the initiative and others must follow.

I think perhaps the hon. member for Winnipeg North gave expression to the same thought in different words, that the west has lost the initiative if they ever had it. Now, instead of keeping one jump ahead or at least keeping up with the Soviet, it seems as though our policy is to wait until the Soviets do something or say something or more in some direction, then we try to get together to ascertain what to do in the face of the new challenge. It would seem to me that the time has come when our government should take a very definite and pronounced position, make some definite proposals and say we believe that this is what should be done; we believe this is how it should be done, and therefore we are

prepared to push it forward. It would seem that the main trouble is that we are perhaps in a state of moral bankruptcy. We seem to only half believe in our system and even in our own philosophy. We seem to lack that something which gives legs to our ideas, if we ever had any ideas.

I would suggest that if we are ever to convince the great masses of human beings that the free way, the democratic way of life is best, we will have to act as though we believe it ourselves. This means that we must live carefully what we profess to believe. When we do, our self-respect is raised high, our enthusiasm becomes catching and the underprivileged peoples of the world will want to find the same kind of enthusiasm and happiness that we have found.

So again let me say we commend the minister for his attitude in the face of continuing communist threats, but we would suggest he take a more positive attitude and come up with something that would really meet the challenge of the Russians and put them on their guard against the reality of western ideals and concepts of democratic living.

Now, Mr. Chairman, there has been some reference made to the problem posed by events in the Middle East. I suppose this remains one of the most threatening areas in the world. We do appreciate, and we want to place ourselves on record as appreciating, the work that has been done by General Burns and the other Canadians who are serving on the supervisory teams. We think he has been doing a magnificent job in the face of almost impossible circumstances and situations. He has been carrying on, even although there has been some opposition, and just recently a request on the part of one of the Arab nations for his dismissal. I do not believe there is any member in this house who would go along with that because we have confidence in the work that General Burns is doing and in him as an administrator.

We believe that the mission of Mr. Hammarskjold, secretary general of the United Nations, has had a very salutary effect upon conditions in the Middle East. We hope it will be fruitful, not only just to starve off a conflict but in finally resolving these problems that are so pressing in that section of the world. However, these basic problems still remain unsolved. The main problem, of course, is to get the Arab nations to even agree to recognize the existence of the state of Israel. I suppose other members have received, as I have, some reprints from editorials in the New York *Times* with respect to this very problem, and the attitude that the Arab countries are taking in this respect. Certainly, they have not indicated any intention of recognizing the existence of Israel and they are still committed to their professed role in world affairs of driving Israel into the sea.

The other problems have been mentioned before, the refugee problem. I asked the minister in the committee if any thought was being given to the matter of making further contributions to the Palestine relief organization conditional upon their use for rehabilitation of the refugees rather than their maintenance in these camps. Although that has not been possible up to the present I hope the minister will continue to keep that thought in mind. I believe he is pressing towards that position, that this money ought to be used for rehabilitation.

Egypt's nationalization of the Suez has placed another problem in the laps of those who are endeavouring to work out a solution for this area. Since the situation is in a very difficult and fluid state just now, I do not think any good would be accomplished by discussion of it to any great extent. But certainly, I feel that the suggestion that the Suez be put under an international board has merit. Above all, this must be maintained as an international waterway in the interests of the nations of the world. When the time comes I trust that the government will make known the stand of Canada in this particular respect. It seems as though Premier Nasser has failed to demonstrate either the desire or the intention of co-operating in the peaceful solution of the problems. He has failed to lead his people into an appreciation of a reasonably responsible course of action in the face of difficult situations. It would appear that something would have to be done to curtail his enthusiasm in some regards and bring it more into line with international law.

I had intended to speak, Mr. Chairman, on the matter of Red China. I just want to say this. I am in hearty disagreement with the hon. member who just spoke in this house when he states that he regrets there has been no change in the government's attitude regarding the position in the Far East. He suggested it was time that Canada acted independently, making her own decisions and taking action on her own account. I should like to ask this question. On what ground does the hon. member for Winnipeg North assume that, if the Canadian people did express their desire, it would be any different from the course the government is now following? Certainly, I do not believe the Canadian people are in a position now where they want to recognize the communist regime of Red China. Certainly I do not believe that. I think this government ought to continue

taking a firm stand, even although the minister seems to be hedgehopping at times and according to reports in the newspapers, it would seem as though he was inclined over to this side. One writer even said the minister implied that the time was going to come when public opinion would force the government into that position. Whether that report is right I am not sure. But, Mr. Chairman, I would suggest that the minister himself should not assume, as I have said before, that the Canadian people are in favour of this, because I believe that the great mass of the Canadian people are still opposed to the recognition of Red China and its taking a seat in the United Nations until it has demonstrated the fact that it is a peace-loving nation, and apparently events in the last days have not indicated that in the least.

What is Canada's foreign policy? I wish the minister would make a clear-cut statement setting out the basic principles outlining our policies. Let me ask this question. Is the minister completely in favour of the national sovereignty of Canada or is he inclined to neutralism? I ask that question because certain statements that have been made recently cause me to wonder. Here is one from the Ottawa *Citizen* of July 11, 1956:

Pearson Decries Atlantic Union

The second paragraph reads:

"The 15 member countries of NATO are much impressed with the need for greater non-military co-operation," Mr. Pearson remarked, "but, as a matter of personal politics, establishment of an Atlantic union—a centralized sovereign federalized state is just not feasible at this time."

In the magazine *Freedom and Union* for July and August, 1956, there is an account of the minister's address to the English-speaking union in London on April 30, in which the minister said:

Security, peace and ordered progress call for action on a wider basis than that of the national community. This does not mean, however, that we should move at once into world government or some form of Atlantic union or broad political federation with a central legislature and executive, a common citizenship, currency, and budget, a single foreign policy and defence establishment under central control; in short, with all the institutions of a federal state.

Those who advocate such schemes of federation do so from the highest of motives. They perform, I think, a good and useful service in preparing public opinion for the political changes which will undoubtedly be called for in the future to promote international co-operation.

In the first statement, he said, we do not believe in moving immediately into world government. What do the world government people want? I am reading from the Ottawa *Citizen* of June 13, 1956:

World federalists of Canada urged external affairs department officials during the weekend to consider proposed amendments to the United Nations charter that would make the United Nations a world government of limited power.

The federalists, who held their meeting here Saturday, suggested Canada should "at the appropriate time" support a conference to review the United Nations charter and then put forward amendments that would give the world organization power to control arms and prevent war.

Now, I ask the minister, Mr. Chairman, is he in favour of world government, or is he in favour of the sovereign rights of individual nations? We are reading a great deal about the self-determination, and so on, of peoples, and yet on the one hand we have been crying loudly for the self-determination of peoples, the right to make their choice, and on the other hand the same people want to have a world government that will dictate policies to the entire world. Where are we going?

Mr. Chairman, in closing, I should like to present some of the policies which I believe are essential and which should be adopted and followed by this government: First, industrial rivalry is one of the greatest single factors leading to international conflict; therefore, there must be the establishment of sound trade policies designed to accomplish the mutually satisfactory exchange of goods between nations. Second, self-determination of peoples; third, the maintenance and strengthening of Canada's place in the British commonwealth; fourth, the retention of Canada's sovereign authority to govern her affairs in accordance with the will of the Canadian people; fifth, active participation in plans of assistance designed to promote the welfare of all peoples of the world; sixth, co-operation in zonal pacts where such arrangements are considered desirable and necessary for the safety of the free world.

Mr. Boisvert: Mr. Chairman, my first words will be to thank very much the hon. member for Prince Albert for the reference he made today to my humble person in connection with the committee on external affairs. What he said was very pleasant, but I think his remarks should be directed to every member of the committee, because of the wonderful co-operation they granted me in carrying on the business of this very important committee.

Today, I do not intend to dwell on what I shall call the headaches of our world. Of course, everybody knows that the world has those headaches, and we have indications of it today in Algeria, in the Middle East and in Asia. I think the ground was well covered by the previous speaker in this debate. We, of course, should remember that in the past we have gone through some ordeals in Korea, in Morocco and in Tunisia and those problems were solved to the satisfaction of the whole world with the co-operation of the United Nations. Therefore,

it is my hope that what we see today in the stormy world in which we live might be settled in the same way by following the same pattern.

I intend to speak about only one problem, namely, the problem of neutralism in the world. Before doing so, I wish, as a supporter of this government, to commend and praise the government and the words and deeds of the Secretary of State for External Affairs in keeping our country on the side of making peace and assuring to the world a security which is badly needed, rather than to drive Canada toward a state of war. No one more than our Secretary of State for External Affairs has done a greater and better job to save the peace of the world since I have been in this parliament, and I am glad today to pay a great tribute to his work in that direction.

Let me come now to the problem of neutralism. I know that theory is one that is sponsored by the leader of a great country, the republic of India. We have known before in international law of another principle —we call it neutrality. How many countries have lost through being neutral in these days and particularly in the period ending with 1914 when the first world war started. Some countries in Europe had agreements with other countries assuring their neutrality. But the fact is that neutrality did not mean one thing at that time.

We are glad to develop in each country a spirit of neutrality which would mean that we should assure any policy which would encourage some countries to try to establish peace by the only means known to human beings, which is getting ready to defend a country if the country or any country is attacked by a prospective enemy.

It is peculiar to find out that countries advocating such international policies are on the other hand asking us for money and technicians to develop inside ther own frontiers a self-supporting economy. I agree with that entirely, but it seems to me if we are going to live in a world where neutrality will develop in each country, if on the other hand we are going to give our money and technicians to develop a self-supporting economy, in my opinion that is something difficult to reconcile.

So between a policy of getting into a war at any price and getting peace, or trying very hard and striving for it by all means to secure peace, I would choose to maintain our connections with those countries which have the same philosophy and have built up a system of defence without aiming at going to war with anybody and trying to show to some countries in the world that we intend to secure peace and only peace by all means without aiming at anything which could bring Canada into conflict with any country.

It is a very difficult problem to reconcile those ideas, but I will rest my case with the present government and I will rest my case with the Secretary of State for External Affairs. I am sure that Canada will be maintained at peace, that Canada in the years to come will favour peace by peaceful means, assuring not only to Canada the security we need but also helping other countries in the world which have the same willingness to live in peace for the good of humanity. I shall say nothing else today, except to conclude with a few words in French.

(Translation):

I do think that the Secretary of State for External Affairs (Mr. Pearson) and the government which he so worthily represents, will continue to serve the cause of peace by continuing to assist those countries which, like Canada, are seeking to establish peace in the world while ensuring their own security.

(Text):

Mr. Fleming: Mr. Chairman, at the outset let me say a brief word concerning the deliberations of the standing committee on external affairs. As in the past, I think the deliberations of that committee were most useful. The committee carried on its work in good spirit and with a co-operative attitude. I have long contended in this house that the standing committee on external affairs by its review of the estimates of the Department of External Affairs furnishes a useful example of how estimates should be treated for some of the other departments.

I take it that at this stage of the discussion we are confining our remarks to general statements and that at a later point we may address ourselves to a detailed consideration of individual items in the estimates.

The opening statement this morning of the Secretary of State for External Affairs covered a very limited field. I would be the first to acknowledge that the situation in the world today in many quarters is fluid and that dangerous elements exist, but there were some startling omissions in the statement made by the minister. I should like to mention several matters which I think the minister has side-stepped and which because of their importance warranted some statement on his behalf.

First is the current situation following the seizure of the assets of the Suez canal company by the government of Egypt. That matter received scanty treatment from the minister this morning. In a situation as formidable and as threatening as this we

cannot as a country content ourselves with taking the lofty attitude of relatively distant spectators. This is a most serious matter for all countries of the western world. Colonel Nasser's seizure of the canal presents a serious and inescapable issue. It is the issue of main force on the one hand, and the role of international law and the respect for solemn obligations, on the other. In that situation I do not see how Canada properly can refrain from making her position known.

Here is a great opportunity for the United Nations and for Canada as a member of the United Nations unless Russia takes steps to prevent the United Nations from taking effective action. A fair question to be asked in this house is: Where does Canada stand? The stand of Canada and the stand of the government ought to be more clearly made known than it seems to me the minister succeeded in doing this morning in his very brief statement. Perhaps he will enlarge on this later.

The second significant omission concerns the situation in the Near and Middle East. I expect that a question which has been going through the minds of most of us is whether the situation arising out of Egypt's seizure of the Suez canal will affect the attitude of the Canadian government toward the long-pending application of the government of Israel for a permit to purchase 24 Canadian Sabre jet airplanes. This application has been pending for many months. Questions have been repeatedly asked in this house as to when the government is going to make a decision, but we have been met with vague and evasive statements. Now I ask the minister if the situation developing in that area of the world out of the seizure by Egypt of the Suez canal is going to have a bearing on the attitude of the government in relation to this application. If so, what is that bearing, and when may a decision be expected by the house?

The third matter that was not touched on was the matter of the situation in Burma, brought to our attention in a rather startling way yesterday by the headlines indicating an invasion of Burmese territory by troops of the communist government of China. The minister did not even mention that subject in his statement this morning. When he was asked about it later by the hon. member for Vancouver-Quadra, he did offer some reassurance in his indication that the situation might prove to be exaggerated, but this raises another question. We may well hope that the reports are exaggerated. We shall follow with interest the authentic reports that come out of that part of the world, but, whether the report is exaggerated or whether the invasion is as serious as had been pictured in the first reports, the question naturally arises, and I put it to the minister, does this latest military act on the part of the Chinese communist government have any bearing upon the attitude of the Canadian government in reference to the recognition of the so-called people's government at Peking?

We have been reading in the press of late also about military activities of the communist Chinese forces in Tibet following the over-running of that country some time ago by the Chinese forces. Has that situation any bearing upon the attitude of the Canadian government in reference to the recognition of the people's government at Peking? These are questions that the house is entitled to have answered.

Another matter that significantly found no place in the minister's remarks this morning was the Colombo plan. I recognize that the minister did not set about to make a full review of world affairs, but I mention this matter now because I think that the minister should have something to say by way of enlightenment of the house on the attitude of the government in this regard.

We are dealing this year with a proposed increase of about $8 million in the appropriation for the Colombo plan. The committee on external affairs had two very interesting and instructive meetings with Captain Nik Cavell, the administrator for Canada of aid under the Colombo plan, an official who enjoys the confidence of the committee and, I am sure, the confidence of all members of this house. I think I have expressed my own view in the past that Canada is fortunate to have as the administrator of aid under this plan an official of the competence and long experience in the Far East of Captain Cavell.

It has seemed to me for some time that there is more support for extended aid under the Colombo plan in this house than the government has been prepared to advocate. As to the need that exists in the Far East for this kind of aid, Captain Cavell left no room for doubt in the mind of anyone who heard him or who has subsequently read his testimony. Let us just mention one or two of the things that Captain Cavell said on that point. As shown at page 148, I said to him:

> But you have made it quite plain that aid is going to continue throughout the lifetime of every one in this room?
>
> Mr. Cavell: I think that is so, in some form or other.

In the provision of aid to the recipient countries under the Colombo plan, the purpose, of course, is to enable them, through the provision of forms of capital assistance, to help themselves. It is a sound approach. The need is very great. It is not going to be met

in a few years. We are dealing here with a continuing problem, a problem that the world is going to face for a long time to come, and we in Canada must be realistic in our appreciation of the scope and extent of the problem.

Further, Mr. Cavell was asked, as shown on page 198, as to the projects that the recipient countries under the Colombo plan had submitted for approval, and he outlined those at some length. I asked him this question:

> Q. Those are projects for which, if you had the money, you would then have studied in order to determine their soundness?
> A. If we had more money.
> Q. Yes.
> A. Sir, I would like to say that there is no limit to the amount of money which we could spend if we took on everything which those countries wanted done.

It is quite evident that there is need of unlimited proportions. Whilst the house, I am sure, will welcome the increase in the appropriation this year of $8 million for a specific project under Colombo aid, nevertheless there is, it seems to me, strong support in this house for more effective aid than the government has yet been prepared to recommend to the house. All the events that are occurring in the world today point unmistakably to the importance of plans of this kind and the extent of the need that they may assist in meeting.

There are several other factors in world strategy and in the present world outlook upon which the minister may have opportunity to comment later. So far as Europe is concerned, I should like to submit to the house that Germany is still the most important situation in Europe today. The division of Germany is the biggest political problem and the biggest problem confronting our hopes of preserving world peace in Europe.

The Russian attitude towards Germany and towards the German desire for reunification has evidently been stiffening in recent months. I do not think that hon. members can overlook the fact that the German government, headed by Chancellor Adenauer, has displayed considerable alarm of late—not just disturbance, but alarm—over what are thought to be indications that the countries that are members of the North Atlantic Treaty Organization are relaxing their efforts and taking a less serious view of the world situation and particularly the European aspects of it, than they did before.

That leads me to say, concerning NATO, that I think that we cannot afford to contemplate any weakening in NATO under present conditions. I think the minister agreed with that point of view in his testimony before the committee. The fact that the Russians today most want to weaken NATO surely is enough to prove the necessity on our part of keeping NATO strong. That is why in the committee we asked the minister to take what steps might lie within his power to make the North Atlantic Treaty Organization effective in all respects, not merely the military aspects of it but the economic purposes as well. The minister has said that the report of the three-man committee will be available in October, and we shall await it with keen interest.

For, sir, while everyone seems to agree that the threat of military aggression in the world has receded markedly in the last 12 months, nevertheless the threat of economic aggression taking the place of the cold war is very formidable indeed; revolutionary communism with a world purpose, directed from the Kremlin, by economic tactics, is extending its influence throughout the world and is experiencing a measure of success that ought to give us all serious concern. Technical assistance by Russia to underdeveloped countries, the sending of technical advisers, are all part of a pattern of which we see some striking and disturbing examples in the provision of arms to Egypt and in even the latest of these negotiations, that between Russia and Cambodia for the provision of economic aid to that country which is so close to the recent scenes of hostilities in Indo-China.

Sir, while we take some comfort from the fact that tension has eased, we would be very foolish indeed if we slackened our efforts or allowed ourselves to become less vigilant than we have been. I fully endorse the statement the minister made this morning, as I am sure all members will, that we must never resign ourselves to the prospect of mutual annihilation. We cannot simply be passive. The responsibility on the governments of all western nations today is to be active in promoting policies that will maintain the strength of the free world and at the same time demonstrate to that part of the world that is not free or is not as well off materially as we are the advantages that our way of life possesses, and our readiness to assist other nations who desire peacefully to enjoy that way of life.

I pass on to one other matter. It is a matter that I regard as of high importance. It is the recent conference of commonwealth prime ministers. A gathering of the prime ministers of the commonwealth countries is always desirable, always a good thing. Such meetings are almost invariably pleasant, and they establish or cement very useful contacts. They provide a forum for the exchange of ideas and for the pooling of important information. In a commonwealth where symbolism plays

such a signal role these conferences also play their part in that symbolism as well as in other respects.

But, sir, if our hopes were for something more than the kind of fruits I have just described from the recent commonwealth prime ministers' conference, then I am afraid those hopes would have been doomed to disappointment. The communique which was issued at the close of the conference, and which the Prime Minister brought to the house on his return at the sitting of July 9, has been described elsewhere as "a collection of cliches", as a collection of mere platitudes. I am afraid that none of us can find in that communique anything more encouraging than that.

I would be the first to recognize the difficulties in the way of reaching agreements at such a meeting, when those attending the meetings and the lands they represent are so varied in their outlook and in their geographical locations throughout the world. But we should take a closer look at this particular conference and what we might have hoped to obtain from it. We are indebted to the Prime Minister of Australia, Right Hon. Mr. Menzies, for a frank statement in regard to this conference. At the press conference during his visit to Ottawa last week Mr. Menzies made some direct comments on this particular conference, and also on the way future conferences can be turned to better account than this one. The press report in the *Globe and Mail* of July 27 contains these statements:

> A suggestion that future commonwealth prime ministers' conferences should limit their discussions to a single question or to a number of associated matters was made here today by Prime Minister Menzies of Australia.

Then there is this statement:

> He doubted whether it was wise of the conference to issue a final communique attempting to summarize its discussions as has been the custom at all past meetings.
>
> "People say the communique is a collection of cliches", Mr. Menzies remarked, "but in this world cliches are frequently the only things that all people agree on. You can always get unanimity on cliches.
>
> "My view is that we attempt to cover too much ground in these conferences. Of course, it is very interesting to hear other people's views on a particular question. Then you can pass on to the next topic without having reached any conclusion on the previous one. I would like to see some conclusions reached. I would like to see some future conference limit itself to some single question or a group of questions, related questions, and see whether we couldn't produce a statement of commonwealth opinion.
>
> "A statement of that kind should and could carry the moral authority that the commonwealth should possess. I think the world needs the force of judgment that the commonwealth has."

Later in the interview Mr. Menzies makes it plain that he does not favour any move toward forming a unit of the commonwealth in actions and opinions, but he is drawing attention to the weight of moral judgment, the moral weight that the world would attach to statements that could be agreed upon at such conferences.

Having regard to the fact that Canada has a very senior position within the commonwealth, and that Canada is so situated as to be able to give a very valuable lead in commonwealth discussions, it seems to me, from the results, from what we know of Canada's contributions to the discussions and from the evasive statements we had from the Prime Minister in reply to questions in this chamber before he left to attend the conference, that the government has fallen far short of contributing to the success of the conference.

It is evident that there was little serious consideration given by the Canadian government to the conference. It is evident that the Canadian government had very little to contribute to the agenda of matters that came before the conference. It is evident that the Canadian government made little or no preparation for the conference. Apart from the pleasant associations which always mark such conferences, it seems to me that the Canadian government has shown much less concern about trying to make this conference really effective than it ought to have shown.

These conferences present opportunities. I am not thinking simply about political questions; I am thinking about economic questions as well. Such opportunities to deal with these important questions were offered to the conference, or could have been, and the opportunity the Canadian government had has apparently been thrown away. We have important trade interests with the commonwealth countries. We in this house should be displaying more concern about the commonwealth markets and the loss of those markets over the years, particularly for our agricultural surpluses.

But, Mr. Chairman, one has only to look at the record to see that the Canadian government was most uncommunicative with the house in relation to its preparations for the conference and what it sought to accomplish there. As reported at page 4889 of *Hansard* of June 11, the Leader of the Opposition asked the Prime Minister to inform the house as to the agenda for the conference. The Prime Minister's answer was as follows:

> The agenda has not been formally determined. There are items which have been suggested, and I think generally regarded by those who will attend as proper items for the agenda for that kind of meeting, involving principally considerations of the world situation. There are different

items relating to different areas of the world, and those are the items that have been suggested for consideration at the meeting.

The Leader of the Opposition came back to the subject again on June 20 and asked the Prime Minister if he would extend an invitation to the other commonwealth prime ministers meeting in London to attend a conference in Ottawa later this year to discuss trade and economic relationships within the commonwealth. The Prime Minister replied that there was apt to be such discussion at the conference but that no consideration had been given to the question of a special conference of commonwealth representatives to discuss economic problems, and he added:

It may be a question that will arise in the course of our discussions and if it does I shall be glad to report to the house when I return.

Notwithstanding Canada's important economic stake in commonwealth relations, it will be noticed that the Prime Minister was not prepared to say that he would raise the question. All he said was that if the question was raised at the conference, he would report to the house on his return. I might say that a further question was asked on this subject on June 22. When he did come back he said nothing about this particular subject in his report to the house. When the Prime Minister made his statement to the house on July 9 he said nothing about the calling of any economic conference, either in Ottawa or elsewhere, to discuss these important economic questions within the commonwealth in which Canada has so large a stake.

So the Prime Minister was asked, as hon. members will recall and as is reported at pages 5766 and 5767 of *Hansard,* as to whether he had put such a proposal before the conference, and the Prime Minister's reply was in the negative, that the subject of holding such a conference had not been introduced by the Canadian delegation at the conference. He also added:

. . . we did not think it was the appropriate time to introduce the subject at the conference.

Mr. Chairman, from the attitude displayed by the Prime Minister in this house, both before he went to the conference and after his return, it is quite evident that the Canadian government is little concerned with the commonwealth or whether that commonwealth accomplishes what it might in this troubled and upset world, with the full weight of its moral influence. It is evident also that the government attaches inadequate importance to Canada's economic stake within the commonwealth, to trade which I would have thought was of such lively importance to all Canadians.

The Canadian government could do much more in making such conferences effective. It could do so without fettering in any degree the sovereignty of this country. We say that this government has shown little concern for the commonwealth. It shows little concern about our trade relations with commonwealth countries. We say it is high time that the government appreciated the opportunities that are there. We say the government should not throw away such opportunities as those which were presented to it at this conference and which are still open to the government, to initiate the calling of a conference that will produce for Canada and other commonwealth countries, in our opinion, important trade and other economic advantages.

Mr. Stick: May I ask the hon. member one question, Mr. Chairman? I waited until he had finished his speech. The hon. member for Eglinton raised the question of the sale of Sabre jets to Israel. May I ask him whether he and his party at this time favour the sale of Canadian Sabre jets to Israel?

The Deputy Chairman: Does the hon. member wish to reply?

Mr. Fleming: Mr. Chairman, the subject has been up repeatedly. Statements have been made on this subject by the Leader of the Opposition and the hon. member for Prince Albert on behalf of this party. My hon. friend will find a very clear statement in this house by them on this subject.

An hon. Member: What is your position?

Mr. Fleming: The hon. member has asked what is the position of the official opposition. I am a member of the official opposition, and I have directed the hon. member to the place where he will find the statement of the Leader of the Opposition.

Mr. Dickey: Where?

Mr. Fleming: It was made in this house a few days ago.

An hon. Member: When?

Mr. Fleming: The matter was mentioned a few days ago by the Leader of the Opposition. I commend the statement to my hon. friend.

Mr. Villeneuve: Mr. Chairman, the present resolution gives a good opportunity to discuss the evolution and the trends of our foreign policy. It is one of the few moments during the session when we can together examine our national thinking regarding our relations with other countries of the world. Most of the members in this house, however, seem to limit themselves to questions connected with either the United States of America, Europe or the Far East; some will look at

the Middle East or Central Europe but very few, if any, will be disposed to discuss our relations with the other important states which share with us the responsibility and pride of being the American nations. I think it is the proper time to pay special attention and give special care to the problems of our relations with the other American countries.

In order to be better informed on those problems I decided, last year, to go to Washington, the centre of the continental system itself, to the site of the inter-American organization which co-ordinates the efforts of the American states and promotes the idea of peace and friendship among the peoples of our hemisphere.

I am glad to mention that, even though it was understood that I had no official mission and that I was to be looked upon merely as a Canadian tourist visiting the beautiful capital city of our great neighbour to the south, some officials of the Pan-American union, the general secretariat of the organization of American states, had arranged for my friends and myself the most cordial welcome under very promising auspices. Although it was on a rainy Sunday, when the spacious buildings of the Pan-American union were closed, Dr. Luis Gardel, special assistant to the assistant secretary general, and Mr. Edward Davis of the division of conferences, took us on a special tour of the premises after we had exchanged pleasant words over a delicious table.

Upon entering the large room called the hall of the Americas I had a strange feeling of incompleteness, a sensation of false solidarity. It was incomplete and false because, quite evidently, in this salon des Ameriques, Canada was absent. Nevertheless when we and other tourists visit the older building of the Pan-American union, the guide usually calls attention to the coat of arms of Canada which, with those of the other American countries, adorns the exotic patio.

Our surprise was even greater when, amongst the other flags waving in the spring breeze, we saw the Canadian red ensign flying with pride and prestige amongst those of the other members of the Pan-American coffee bureau. The presence of these two symbolic emblems of our country made the absence of Canada all the more singular. We began also to wonder why Canada remained absent from such a large body as the organization of American states, when in fact it is a member of some of its specialized organizations. The problem still puzzles me because, after studying in detail the history and scope of the inter-American system, I am still wondering what motivates the absence of our great country from this regional organization.

There are two elements in that question, the inter-American system and Canada. What is the inter-American system? What is its importance in the world of today? What is its value for Canada? At the turn of the nineteenth century, when the winds of independence began to overthrow kingdoms and to tear the flags of the old colonial powers into pieces, the inter-American system was born. It was not meant to be a political doctrine and even less a weapon of domination in the hands of the American nation. On the contrary, the inter-American system was, and still is, an expression of the people's soul in search for freedom and peace under the sign of responsibility and grandeur.

In 1826 Simon Bolivar, the great liberator, called the first inter-American conference, the congress of Panama, which was followed by many others, the last one being the tenth inter-American conference held at Caracas in 1954. This long process of evolution in the relations between the American nations came to a logical and long-sought conclusion when in 1948 the charter of the organization of American states was adopted.

The charter of the organization of American states is not only a legal document binding together the nations of the new world, but it is and must be regarded as a monument erected to the victory of freedom over slavery. It represents the achievement of 150 years of struggle to ensure a climate of happiness, freedom and peace for the generations to come.

The principles of solidarity of the American nations, as conceived and expressed by the charter, are the following:

1. International law and order and good faith shall govern the relation between states.

2. An Act of aggression against one American state is an act of aggression against all other American states.

3. Controversies arising between two or more American states shall be settled by peaceful procedures.

4. Lasting peace and well-being and prosperity of the American peoples are based on political democracy.

In order to implement the basic principles of the organization of American states the following six bodies have been set up: The inter-American conference; the meeting for consultation by ministers of foreign affairs; the council; the Pan-American union; the specialized conferences; and the specialized organizations. Amongst the inter-American bodies which are connected with the organizations of American states there are some in which Canada has already shown a direct interest. By way of example, it might be recalled that the Pan-American institute of

geography and history and the permanent executive committee of the inter-American travel congress have reported the valuable contribution made by Canadian delegates and observers toward strengthening the bonds between the countries of our hemisphere. Our co-operation with the inter-American statistical institute has been so close that Ottawa was chosen as the site of its congress in 1954.

I should like to mention also the very important inter-American defence board organized in 1942. While Canada is not a member of this board, the permanent joint defence board formed by Canada and the United States would be the logical extension of the inter-American body on the North American continent. It is within the framework of the inter-American system that the inter-American treaty of reciprocal assistance was conceived and signed at Rio de Janeiro in 1947, the same treaty that later inspired the North Atlantic Treaty Organization which is now the cornerstone of peace in the world. It must be remembered also that the inter-American system has received such a good appraisal it can now be divulged that the U.S.S.R. foreign affairs minister, during the Berlin conference of 1954, hinted that a similar pattern of organization should be adopted for the European states.

In view of all these facts one cannot avoid wondering how it has been possible for Canada to remain outside of this continental organization for so long. The question of Canadian participation in the inter-American system has often been discussed amongst Canadians, and even in this house. I wonder if it is not a good time to re-examine the matter now, three years after the tenth inter-American conference, at which the case of Canada was openly brought to the attention of the delegates by the secretary general of the organization, Dr. Alberto Lleras Camargo. He concluded his report with these words:

> The day is surely not far off when another great state, Canada, the only one not yet a member of the organization but just as American as any other, will take its seat in our councils and share with us the mission that providence appears to have entrusted to man in the new world, to achieve an order of peace and justice.

In two more years the eleventh conference will be held at Quito, and it is very likely that again our absence will be more than noted. It seems to me that it would be proper to reassess our policy and reverse, if necessary, our line of conduct. Why, many people will ask, is not Canada more closely associated with the other American states? Others will bluntly put the question, why does not Canada join the organization of American states?

Both the late prime minister King and the present Prime Minister have expressed views on the participation of Canada in the inter-American system. Back on August 4, 1944, the chief of the Canadian government mentioned that our country had never received an invitation to that body which was meant for republics only. Such an assertion has been clarified since by political writers and corrected by the use of the word "state" instead of "republics" or "nations" in the charter adopted in 1948. A few years later, on March 27, 1953, the present Prime Minister made a similar statement to the effect that—

> So far it has not appeared to us that there would be any decided advantage in a formal membership in the Pan-American union.

It is evident that the attitude of the Canadians who oppose the participation of Canada in the organization of American states is based more or less on the same arguments that had been used by Mr. Vincent Massey and which are quoted even today, even though they have lost most, if not all, of their significance. I even have the impression that in the light of some documents which have been brought to my attention recently, it would not be quite accurate to say that the government of Canada, or at least one of its prime ministers, had not tried to bring our country into the Pan-American union at a certain time.

The objections which are ordinarily mentioned in connection with the participation of Canada in the inter-American system are, first, that the Pan-American union has always been an association for republics only. That objection can no longer be made because in 1948, during the debates of the Bogota conference, the delegates agreed to refer to the countries of the continent as American states in order to avoid the term "republic" and leave the door wide open for Canada to enter.

The second objection has been for a long time that Canada, being a part of the British commonwealth of nations, could not join another organization. Recent history has fully demonstrated the falseness of such an argument, because the idea of joining the United Nations and NATO was sold to the Canadian public without any reference being made to our association with the British commonwealth. The same thing could be repeated regarding the organization of American states.

A third objection is that Canada has not been invited to join the continental organization. Who will believe that if and when Canada expresses a desire to join any international body, there will be objection to it? It is well known that a nation can always hint that she wishes to be invited. On the

other hand, we know from different sources that the participation of Canada would be welcome, and the recent unanimous decision taken by the council of the organization of American states to invite Canada to the travel congress in April is an eloquent proof of the good will expressed by the organization of American states.

For the record, it must be recalled that many times in the past our country has shown a direct interest in some organizations and conferences of the inter-American system. To mention just a few; the first Pan-American medical congress in Washington, 1893; the Pan-American road congress, Oakland, California, 1915; the first international congress of history of America, Rio de Janeiro, 1922; the fourth Pan-American congress of architects, Rio de Janeiro, 1930; the postal congress of the Americas and Spain, Panama, 1936; the eleventh Pan-America sanitary conference, Rio de Janeiro, 1942; the inter-American conference on social security, Santiago, Chile, 1942; the second inter-American statistical congress, Bogota, January, 1950; the fifth general assembly of the Pan-American institute of geography and history, Santiago, Chile, October, 1950; the fourth inter-American conference on agriculture, Montevideo, December, 1950; the fourth inter-American travel congress, Lima, April, 1952; the third Pan-American consultation on geography, Washington, July and August, 1952.

More recently, Canada sent its ambassador to Brazil as an official delegate to the economic conference held in Rio de Janeiro in 1954, and we all know that just last spring a cordial invitation was sent to our country to attend two important conferences in Costa Rica, namely, the sixth inter-American travel congress and the inter-American port harbour conference.

I should like to mention also that only recently an exhibition of Canadian artists was held in the patio of the Pan-American union building by a group called Le Rétable, of Joliette, Quebec. According to people who actually saw the exhibition it was one of the finest ever held under the auspices of that continental organization, and it brought only praise and admiration for our artists and our country. If private individuals can sponsor and organize such demonstrations of good will and international friendship, there is no knowing how effective official co-operation would be.

At this stage it might be proper to recall that during his visit to Ottawa the vice-president of Brazil himself expressed the wish of Brazil to see Canada join the organization of American states. Last week, during the Panama conference, with all the American chiefs of state present, President Eisenhower invited all the American states to act in concert within the framework of the organization of American states to advance the welfare and happiness of their citizens. Last week also the Canadian under-secretary of state for external affairs declared during a televised interview that there was no obstacle to the participation of Canada in the organization of American states, and that such a decision rested with the government of Canada alone.

You have probably read also the report of the press conference given by Ambassador Jose Mora on the day this Uruguayan diplomat assumed his new post as secretary general of the organization of American states. On that occasion this well known internationalist said that Canada would always be welcome to the organization of American states, that this continental body is made for all the American states, and that Canada has taken part in inter-American meetings and is still invited to do so. This statement from the highest official of the organization of American states should leave no doubt in our minds about his attitude toward our country.

I have the impression the time has come for a reappraisal of our attitude toward the organization of American states. There are excellent motives supporting the close co-operation of Canada with the continental organization, and I would even go so far as to suggest a full membership in the organization of American states, for the following reasons.

First, there is not the shadow of a doubt that our economic relations would be improved and that our trade with the rest of the continent would be increased if we were using the services and the facilities put at the disposal of its members by the inter-American economic and social council.

Second, the cultural bonds between the Canadian nation and the other peoples of the Americas can only be made better through the good offices of the inter-American cultural council. And when one considers that the real values of our civilization are those that rest upon spiritual and cultural bases we see in the cultural interrelation the best solution to many of the problems affecting the international situation.

Third, there are military reasons which alone would be sufficient to eliminate the strongest opposition because, as we said before, no efforts should be spared to strengthen peace on our continent so we can present this hemisphere as an example to the old world. The participation of Canada in the inter-American defence board would be a significant step in that direction.

Fourth, as far as political reasons are concerned, who would oppose any means of assuring political unity among the nations of the new world? The organization of American states has proved its usefulness in preventing conflicts, and its importance for 21 of the 22 countries of our hemisphere should be a guarantee to Canada of a more responsible role on this continent.

The organization of American states has an outstanding record of peaceful and useful years. By joining the organization of American states Canada would complete the continental unity with the framework of the United Nations, article 51 of whose charter recommends whenever possible the setting up of regional organizations.

We belong already to the United Nations, which covers all the world; we share the responsibilities of the Atlantic nations to NATO; why not at last occupy the vacant chair which has been reserved for Canada ever since the beginning of the inter-American system? The role of Canada in world affairs will be great in the years to come. We know that all over the world present conditions have made it necessary for all the nations to assume their responsibilities and to face the future with hope and confidence. There is no doubt that through adherence to the organization of American states Canada would not only complete the continental solidarity but would at last contribute to the American community of nations her prestige, her experience, her objective approach to world affairs, and in so doing we would enlarge our own horizons in the international field and increase our influence among the other nations of the world.

(Translation):

Mr. Gagnon: Mr. Chairman, recognition of the present Peking regime still being under consideration by the government, I would like to express my constituents' views on this matter before this possibility becomes a fact. This would of course be a new if not unforeseen development in our international policy. Anything can happen.

We are living in a fool's paradise where there is talk only of war, military preparation, disintegration of the atom and hydrogen bombs.

There is nothing surprising in all this since, left to itself, humanity is rushing to its doom. God, the only guide capable of enlightening and directing the world has been expelled from the United Nations. No one is willing to admit that human beings have been created in His image and resemblance. When a declaration of human rights was adopted by that august assembly, it was moved by the U.S.S.R., seconded by Great Britain, China and India that His name be removed from section one so as not to hurt the feelings of atheists and unbelievers.

And today, we are thinking of extending the hand of friendship to those who yesterday were butchering our countrymen and who tomorrow will be attempting to bring us under their yoke.

Fear has become the prime mover of our actions and of our alliances, and our politicians are ready to associate with revolutionaries, conspirators, anarchists, with the devil himself if need be, in order to ensure a moment's breathing spell, to enjoy illusory diplomatic victories. Resistance seems akin to treason.

Because of the ignorance, weakness and tolerance of our leaders and of the absence of a firm and clearly defined policy, the prophecies of Lenin will come to pass, possibly sooner than we may imagine. He said:

> First, we will conquer eastern Europe, then the masses of Asia, so as to encircle the United States, last stronghold of capitalism. We will not have to resort to war; that country will fall into our hands like an overripe fruit.

We are lead and pushed along by other countries along paths chosen according to the tastes, ideas and interests of their leaders. Though we may think we are playing an important part in the government of nations we are, in fact, mere puppets manipulated by others for their own purposes.

(Text):

In the issue of April 2, 1954, of the *U.S. News and World Report* magazine, it is stated:

> Lester Pearson, representative of the United Nations is to act as "swing man" in a manoeuvre to get communist China an U.N. membership. The play is to vote the Chinese communists a membership in the U.N. assembly where a veto apparently cannot keep them out. The U.N. security council where nationalist China would retain a membership no longer amounts to much because of Russia's use of the veto . . .
>
> Drums are beating to pay more ransom to aggressors, to invite a bunch of bandits into polite society in the hope of reforming them. Hearts are bleeding among diplomats all around the world for the poor communist Chinese, who are shooting up the neighbourhood. No hearts, however, seem to be bleeding for the Italians, or Germans, or Japanese, or Spaniards who also sit on the outside of world councils, even when stable and peaceful and friendly.

(Translation):

I know, Mr. Chairman, that Spain and Italy became members of the United Nations on December 14, 1955, but nonetheless the report that I just quoted remains significant.

Oddly enough, it was also our Secretary of State for External Affairs (Mr. Pearson) who, at the United Nations, moved the par-

tition of Palestine and the creation of the state of Israel.

Have we thus become the tool of communists and of international jewry, as was written in England?

I say that we will be misled, duped and deceived by the Chinese communists if ever they become our partners because, no matter what our pundits say, we have not the same cards in our hands, we do not understand anything about their way of thinking; their stubbornness and their skill put us off balance and we will also be ridiculed and scoffed at by the Russians because they are more knavish and double-dealing than we are.

In war as in peace, they will remain fundamentally our enemies. Everywhere we will find them in the opposite camp. An example of it is to be found in what happened in the disastrous Korean expedition.

The December 1950 issue of the official bulletin of the Department of External Affairs reported the following, on page 474 of the French edition:

> Chinese Communists Intervene
>
> In the first week of November, at least three divisions of Chinese Communist troops moved across the Yalu river, together with heavy supplies of arms, equipment and some air support to bolster the shattered remnants of North Korean forces. The Chinese Communists and North Koreans launched a fierce counter-attack which obliged the United Nations command to withdraw from 50 to 100 miles to protect exposed flanks and supply routes.
>
> In a special communique of November 6, General MacArthur, without identifying the new forces as Chinese, branded this move as "one of the most offensive acts of international lawlessness of historical records". He pointed out that this "new and fresh army" was "backed up by a possibility of large alien reserves . . . Whether and to what extent these reserves will be moved forward to reinforce units now committed remains to be seen and is a matter of the gravest international significance". General MacArthur referred here to an estimated three hundred thousand trained Chinese troops which were reported massed in Manchuria.

Today, one thing is evident: while our soldiers were being killed in Korea, our statesmen were working behind the scenes for the admission of the aggressor among the United Nations council.

Our Secretary of State for External Affairs is an internationalist whose ambition is to unify the North Atlantic community not only from the military standpoint but also from the political, economic, racial and cultural standpoints.

NATO is much more important to Canada than the United Nations and our government is willing to sacrifice on its altars our national sovereignty in exchange for a so-called supernational sovereignty. On the other hand, Russia is opposed and is striving to destroy, if possible, the North Atlantic pact. It would be foolish to believe that China will burn incense before our idols and go against the wishes of its Moscow ally.

The statements of our Prime Minister at Manila and Seoul on his world tour gave rise at the time to strong protests, and I do not believe that public opinion has changed much since.

According to a Canadian Press despatch dated March 10, 1954, a South Korean newspaper expressed the opinion that Prime Minister St. Laurent is one of those who are "becoming the instruments and dupes" of communists.

The Daily Korean Republic took Mr. St. Laurent to task because he stated at Seoul that in his opinion the allies should be realists and recognize communist China.

> According to the Canadian Prime Minister, it would be realistic to accept murder, sickness and banditry simply because those evils are with us . . .

states that newspaper. And it adds:

> The St. Laurents in our midst are actually playing the game of communists when they unconsciously preach a policy of appeasement.

That semi-official newspaper adds:

> The Prime Minister is guilty of the same terrible mistake of communist inspiration when he asserts that the Chinese people accept their communist masters.

It is strangely presumptuous on the part of the Prime Minister (Mr. St. Laurent) to state that the Chinese people wish to be administered, governed, exploited and persecuted by the present communist regime.

On March 20, 1954, *The Ensign* carried the following item on page 3:

(*Text*):

> In a declaration issued by Rev. Louis Bouchard, S.J., of the Jesuit Chinese Mission, and co-signed by His Excellency Philippe Cote, S.J., Bishop of Suchow, Msgr. Edgar Larochelle, Superior of Foreign Missions, Rev. François Prudhomme, Clercs of St. Viateur, "stupefaction" was expressed at press dispatches purporting to imply that Canada is considering diplomatic recognition of the red regime over China.
>
> The declaration of the Rt. Hon. Louis St. Laurent, Prime Minister of Canada, regarding the opportuneness of diplomatic recognition of red China has caused stupefaction.
>
> Mr. St. Laurent could not have said what was reported. He has too much esteem for the people of his own province and too much dignity to join his voice to those who act in a way which would make Catholic Canada blush for generations.
>
> It is to calumny the people of China to say that they desire the communist government. This has been proved by the prisoners at Panmunjom who have abandoned all, country, family and home and have proclaimed to all the world, even to the materialist world, which understands little of the sacrifices involved, that the real China does not desire communist rule.

As a matter of fact, 90 per cent of the Chinese prisoners in Korea chose to go to Formosa rather than return to their communist-controlled mainland home.

For many years missionaries have watched communism making inroads in China, due to the complicity of lies which prepared western betrayal. One heard then that the Chinese communists were not like other communists. False hopes were spread that there would be a break with Moscow, which has never occurred. All has been sacrificed to prepare for the ascendancy of a red tyranny in China. That the missionaries know.

The missionaries were not listened to when they proclaimed to all the world through their sufferings, their devotions, their years in prison, that China does not want a communist government, that the Chinese abhor red tyranny . . .

This those who calumny the Chinese people know, and this the Rt. Hon. Mr. St. Laurent cannot be ignorant of.

The missionaries could say much more about trade with communist China and the shame that is involved. But today they only want to testify of their own deep sorrow and the suffering of the Chinese people, crushed, imprisoned and herded into concentration camps.

The missionaries want to stress the deep pain of the abandoned people when they will learn that the west has sided against them and with their executioners. The missionaries must make this declaration in conscience before the Chinese people, namely, that they cannot be a party to the people's betrayal.

(Translation):

Mgr. Philippe Côté, a Jesuit who lived in China for 25 years, who was kept prisoner for 20 months by the Chinese communists, whose testimony is certainly worth that of a tourist who flew over the clouds of Asia or visited only a couple of cities, stated in a lecture given in Quebec two years ago that, of more than 500 million Chinese, hardly two million were genuine communists.

That means that the great mass of the population are under Red dictatorship.

On the 23 of the same month, the Montreal *Gazette* reported under the title:

(Text):

Atom bomb death preferred to reds, missionary claims. Rev. Alphonse Caouette of the foreign missions society returning here after 17 years Roman Catholic missionary work in China, said last week-end many Chinese would prefer even the foreign yoke of Japan to the present communist "slave state".

"There are many who go so far as looking to the atom bomb as the only remedy for all the present ills, even if it should mean their deaths", Father Caouette said.

"These people are profoundly conservative and justly proud of their past. Those who believe that one may snatch from a people its beliefs, its philosophy, its habits of thousands of years to give them a Utopia are making a big mistake. The Marxist giant has overthrown the traditions and the liberties which were dearest to the people, most of whom live under a reign of terror and nervous tension harder to bear than death. Suicide has become an everyday affair. Prisons and political lives have the biggest roles in China today.

During the past years, Mr. Chairman, Chinese in Canada who have relatives in China have been blackmailed by the reds for large sums of money, with their relatives held as hostages. Likewise, our missionaries in China have been tortured, jailed and thrown out by the red regime. And in Korea the Chinese reds have slaughtered tens of thousands of Canadian, British, American and other U.N. boys. Now, before the blood is dry on their hands, the reds are directing further aggression and bloodshed in southeast Asia. As a reward for this savagery and butchery, our statesmen lend their voices and extend their hands not to the poor and persecuted but to the oppressor. To me it is significant that the group which is pressing for recognition of red China in this house is once again the socialists.

The hon. member for Winnipeg North again this afternoon asked for recognition of red China. On January 17 the hon. member for Mackenzie pressed the matter, as will be found at page 183 of *Hansard*. Despite the fact that the members of the C.C.F. party profess antagonism to the communists, I note that repeatedly they are making proposals which could only be helpful to communist nations. Let not our generation be accused before history of making friends with the torturers and butchers, while abandoning the oppressed to their fate. Let us be realistic.

It was not until the United States officially recognized and granted diplomatic privileges to the Kremlin in 1933 that the reds were able to open up an embassy in Washington and consulate offices across the United States, which were then used to organize and direct espionage against the United States, just as Igor Gouzenko revealed the reds were doing in Canada. Did this recognition benefit America? Not a bit. But it did lend prestige to the reds; it did discourage and dishearten the oppressed multitudes and advance the opportunities and facilities for communist espionage inside America.

Recognition of red China today by Canada would allow this red regime to open an embassy in Ottawa and consulate offices across Canada, which could then be used to coerce and intimidate loyal Chinese in Canada and to organize Chinese red fifth columns inside our borders. Let us ever remember that agreements with communists are not worth the paper they are written on. They are binding only upon us; they tie only our hands.

Communist teachings leave no doubt that communist leaders do not believe that communist and non-communist countries can exist side by side; one or the other must

conquer. These teachings also make it clear that any agreements made by communists, or the apparent withdrawal from any position they have taken up, are regarded as tactics necessary for ultimately furthering the general communist offensive.

Once the west faces the fact that it is engaged in war, it surely becomes obvious that its first offensive move should be to refuse to continue to give the communists a false status by recognizing them as the genuine representatives of the Russian and other peoples. The immediate breaking of all diplomatic relations with the communist governments would be a major psychological victory for the west, particularly if it used every avenue to tell the peoples of communist-dominated countries why this step had been taken.

The Soviet union and the people's republic of China maintain extensive economic relations in all spheres of the economy. The U.S.S.R. supplies China with equipment for iron and steel, mining, engineering, chemical and other industries, as well as farm machinery and other equipment and materials. China, in her turn, ships to the U.S.S.R. great amounts of various manufactured goods and agricultural products. There has been a marked increase in the Soviet union's share of Chinese foreign trade. It has grown from 23·3 per cent in 1950 to 41·6 per cent last year.

An agreement on scientific and technical co-operation between the U.S.S.R. and the Chinese people's republic was signed in 1954, in accordance with which the two countries have undertaken to exchange technical documents and pertinent information, to send experts to render technical assistance, and to study the scientific and technical achievements of the two countries. This agreement was a new, important contribution to the cause of strengthening economic and cultural relations between the U.S.S.R. and China.

(Translation):

Here then are two fellow travellers professing the same political ideology, furthering the same ideal, united and associated in peace as well as in war and determined not to lose face before the rest of the world.

Let us be cautious and, before we recognize red China, let us ask ourselves if many Asiatic countries are prepared to believe that the western world is serious in its struggle against communism and would not barter its great, inspiring and noble principles of justice, freedom and the given word when powerful material interests are at stake.

It must be realized that the U.S.S.R. has never considered international conferences and negotiations,—whether it is an international conference of the Red Cross or the negotiations such as those which took place at Berlin and Geneva,—as a means to settle international problems but rather as hustings for propaganda or as a psychological weapon. Up to now, through a technique of repetition and a rhetoric of sabotage, the U.S.S.R. has exhausted its opponents in the diplomatic game, not because they were the weakest but because they were the more civilized and the more sincere, and after all, were genuinely in quest of peace. With communism, it is fatal to believe that there might be community of ideal or identity of means. They do not even speak the same language.

By its technique of repetition, the U.S.S.R. has succeeded in worrying us with the question of the recognition of red China.

To be a realist is to understand that, in giving recognition to red China, we accept the verdict of violence in Asia. To be a realist is to understand that the recognition of red China would give the U.S.S.R. its greatest diplomatic victory since Yalta, that it could even be the Yalta of the East. Finally, to be a realist, is to realize that the recognition of the U.S.S.R., some time ago, has done nothing for the peace of the world and that tomorrow, the recognition of red China will not likely bring anything more.

If, in the interest of our commerce, we must gain the sympathy, the esteem and the friendship of the Chinese usurpers, our Secretary of State for External Affairs could suggest to Great Britain to offer Hong Kong to Mao Tse-tung. To foster relations with communists, to speak of a communist regime with the same indifference as one speaks of any other political system, shows a truly astounding lack of realism.

We must show the same love for the American and for the Chinese, for the British citizen as for the Soviet . . .

Writes Dr. Endicott, high priest of the Canadian reds. As for me, I say with Meany, president of the A.F.L.-C.I.O.:

Don't go soft on communism.

To look for the good points of the communist regime has unfortunately become the obsession of some of our leftist intellectuals and some of our public officials. Associations have even been created to promote friendship between Canada and Russia. On the other hand, the attitude of the government towards the defenders of the individual, of law and of christianity is incomprehensible and equivocal.

We loathe the past and present methods of the Franco regime.

That statement was made by Canada's representatives at the political and security committee of the general assembly of the United Nations.

Such is the profession of faith of the government towards one of the nations of the world whose sons fought and died to prevent communism from taking root in their country.

We must not send an ambassador to the Vatican, because that could give a cerebral hemorrhage to sectarian Orangemen of our country, but let us send a representative to Mao Tse-tung, that beloved child of Bulganin and of the socialists, if circumstances are favourable.

It is a queer policy that would have us become friends and partners of our past and future aggressors, of enemies of peace, order and the maintenance of the economic system under which we live.

We should not become the allies of those who wish to hold sway over us, and would like us to become propagandists and unconscious supporters of a doctrine which is contrary to our mentality, our ideal and our creed.

Our drafters of treaties are no longer satisfied with coexistence; they want cohabitation.

I say that a Christian and Catholic nation like ours cannot honestly live under the same roof as communist China and red Russia. One must not flirt with death.

(Text):

Mr. Hunter: Mr. Chairman, may I first of all congratulate the minister on a very fine introductory speech on the opening of his estimates. It was presented with thoughtfulness and clarity which made it a pleasure indeed to hear. I enter into this debate with the diffidence with which I always enter into a discussion of external affairs, because it always seems to me to be rather a specialist's task. However, we all have views on certain subjects, and perhaps I may be forgiven for presenting mine.

I am sure we are all impressed in the world today with the enormous cost of armaments; yet that cost is almost entirely due to one country, namely Russia. If it were not for the policies of Russia we could reduce our armaments and turn that money to useful purposes. Russia has been a dictatorship for so long now and her ambitions have been so apparent for so long that we take for granted this enormous expense and this cold warfare which has been going on for many years.

I suppose Russia could be considered the greatest dictatorship in the history of the world. Not only is it the greatest dictatorship but it is the most efficient, the most ruthless and the most immoral one. There are people who tend to regard Russia as a homogeneous state. As any student of history realizes, Russia is not a homogeneous state but is composed of a large number of states, many of which were taken by conquest or by craft and have been kept under dictatorship in some cases for centuries. I refer particularly to the Ukraine.

The Ukraine, which has been integrated by the Russian government into Russia, was always a separate state at heart, with separate customs, separate language and separate religion. There is a tendency on the part of the Russian government to try to give the impression—and many people believe it—that the Ukraine is an integral part of Russia and wishes to be an integral part of Russia. I merely wish to point out that the Ukraine never wished to be part of Russia, does not wish to be part of Russia, and would give anything on earth to be free of the Russian yoke.

I would also refer to one of the most immoral things that has happened in history, namely the seizure of Poland by the Russian army. It was definitely part of the agreement among the allies that all countries occupied by the allies would be given back their responsible government and freedom as soon as hostilities ceased. The act of treachery by which the Russians walked into Poland and have occupied it, despite its separate government, has been one of the most barefaced pieces of skulduggery that has been performed in our time.

I think what has happened recently in Poland would indicate how anxious the people are to be free of the oppressor. That has been a terrible thing. It was unfortunate in its results. It is the type of thing that reassures people that decency is not dead in countries where they have dictatorships and where they are kept down, but that people still have freedom in their hearts and that, given any type of opportunity, they will express themselves.

It is difficult to see where the possibility of freedom lies in these countries. First of all, the Ukraine has been integrated economically into Russia for so long that it is difficult to see how the people will ever attain their freedom. It is difficult to see how they can get rid of the government in Poland which is obviously supported not by the people of Poland but by the armies of Russia. However, I am convinced of one thing, and history tells us this. Evil cannot endure forever. Eventually something happens. People are intrinsically decent and they do not intend in the long run, to permit the endurance of an evil thing.

I also say this, and I think I speak for everyone in this house. The people of Canada will never, under any circumstances, condone these tyrannies and, given any opportunity to see that they are abolished, they will certainly take that opportunity.

Mr. Lusby: Mr. Chairman, the remarks I wish to make are based on a growing conviction that if there is to be any real and enduring peace between the communist and the non-communist blocs, a key factor will have to be the Russian people themselves, as distinct from the government. During the past year we have seen an apparent subsidence of the open tensions between the Soviet union and the west, and of the immediate danger of a major armed conflict. This development, however, has not been accompanied by any lessening in the delicacy and complexity of international problems with which we must cope. On the contrary, I think it can truly be said that never before have those problems been more complicated, more thorny and more baffling than they are today. Never before has it proved more difficult to assess and evaluate them with accuracy, and to decide upon a wise course of action to adopt in relation to them.

Such a situation, Mr. Chairman, lends increasing importance to the role of the Department of External Affairs in the multitudinous functions of our government, and in such times all Canadians may congratulate themselves—and I am sure all thinking Canadians do so—upon the fact that we have at the head of that department, guiding its policies and its administration with a far-seeing eye and strong, experienced hand, such an outstanding statesman as the Secretary of State for External Affairs.

Of him it is no exaggeration to say that his reputation has become world-wide. The neutral nations trust him as they do few other western leaders, and even the communist bloc pays him the tribute of a real, if somewhat grudging, respect. But it is of course in his own country and among our allied democracies that his talents are most widely esteemed and put to effective use. Evidence of this is his appointment by the North Atlantic Council as one of the special committee of three constituted to advise on ways and means of fostering NATO co-operation in non-military fields and developing greater unity within the Atlantic group of nations. In that capacity the minister will have need to exercise all his exceptional abilities to the full. This committee came into being, as I understand it, largely as a result of the emergence on the international scene of one of the most intricate and perplexing problems ever to trouble the dreams of western statesmen; that is, the far-reaching shift by the U.S.S.R. in the strategy and tactics of its continuing, unrelenting campaign to destroy us.

This shift did not begin within the past year. It probably had its inception soon after the communists realized their inability to achieve their aims in Korea. I do not agree with those who say the shift was completed within the past year, but I think it could be said it was in 1955 that it became clearly patent. Against the former merely military threat, in what now in some respects might almost be called the good old days, our policy was relatively simple, consisting primarily of maintaining our armed strength at an adequate level to discourage or repel attack by any hostile force or forces. It is evident that, as has been said on several occasions this afternoon, for all the apparent lessening of tension on the grand scale, for all the Soviet disclaimers of warlike purpose, for all the conferences on disarmament, we must still base our policies on the premise that the Russian professions of peaceful intent are not to be taken at face value. The military threat still exists and could again at any time become overt. We must, therefore, keep up our guard.

But apart from that, we are now faced with a change in Russian aggressive tactics. Make no mistake; they are still fully aggressive. Now, behind an assumed front of democracy and good will, the U.S.S.R. schemes to weaken and destroy us by economic competition. First, taking in a sense a leaf from our own book, it will strive to outdo us in the matter of economic assistance, promised or actual, to the undeveloped countries of the earth. Coupled with political machinations, subtle or not so subtle, in the Middle East, Asia, Africa and every other area where the prospect of fomenting unrest and even open conflict seems most promising, the Soviet plan, unless it can be effectively checkmated, poses a real and pressing danger that many countries friendly to the west, or at least neutral, may be imperceptibly wooed away from us, perhaps even directly into the hostile camp. I think the process has already shown its sinister possibilities. In fact I believe the present ominous situation at Suez is very much in point. By the sale of arms to Egypt, coupled with what amounted to little more than a vague indication of willingness to extend economic aid to that country, the communist bloc has been instrumental in touching off a chain of events now involving the west in an imbroglio of the first magnitude.

But in the long perspective I think there is an even more alarming threat inherent in the Soviet shift in strategy. The U.S.S.R. is,

I am convinced, bent upon a long-range course of cutthroat economic competition designed to cripple and destroy the western democracies by ruining the vast export trade on which so much of the strength, stability and prosperity of those democracies depends. As yet this danger is perhaps little more than incipient, a cloud looming upon the far horizon. The U.S.S.R. is not today among the foremost competitors in international commerce, at least not beyond the iron curtain. But if the Russians come even close to their announced goals of industrial development—and they boast that within seven years they will equal the United States in industrial output—then in a comparatively brief space of time they will be in a formidable competitive position, not only to outvie the west in economic aid to backward countries—as to which their contributions so far have been more promises than performance—but even to cut deeply, ruinously, into the export markets of the democracies throughout the world.

We can no longer comfort ourselves with the delusion which not so long ago was widely and naively held, that the Russian is a backward type with slight mechanical aptitude, congenitally unfitted to attain the technical, scientific and engineering skills and efficiency of the west. Now we view with a great deal of alarm the output, both in quality and quantity, of Soviet technicians, engineers and scientists. We admit, as we must, that the years since the last war have seen astounding strides in Russia's industrial development; that the gap between her attained standards of efficiency of industrial production and those of the west has narrowed greatly, and in all probability will continue to close. Such a situation leaves us no room for complacency on our part. If Russia once attains a near equality of industrial efficiency, coupled with its vast natural resources, the Soviet union will enjoy an immense advantage over us in competing for the markets of the world, provided that it continues to possess, as it now does, an almost limitless reservoir of cheap labour.

We in the west are committed, and rightly so, to the principle that the worker is worthy of his hire and is entitled to a full, fair share of that which he produces. Our whole economic structure, with its prevailing high standards of living, has that as one of its foundation stones. Our goal, toward which we have advanced far, is prosperity for all and not for a mere favoured few. By contrast, the Russian working force remains very much a pawn in the grandiose plan of world domination which still animates the hierarchy in Moscow. The sacrifices of the people have provided and will, according to that plan, continue to provide to whatever extent may be necessary the capital for Russia's development and expansion, both industrially and militarily, and for the steps she is now taking to implement that plan on the economic front. The cheap labour of her toiling millions could prove a decisive weapon in the projected war of markets.

It is my belief, Mr. Chairman, that if the undoubtedly dynamic powers of the Russian industrial economy, existing and potential, were directed to their only really legitimate objective, the material advancement of the Russian people themselves, rather than toward the ends of that obsession of world mastery which the men in the Kremlin show no concrete evidence of abandoning, we should have comparatively little to fear economically from the U.S.S.R. for generations, if ever.

The full economic development of the vast land mass of Russia, coupled with the raising of the standards of living of her people to a level at least in some degree comparable with that generally obtaining in the more prosperous countries of the west, and the supplying of the almost limitless internal demand for goods and services thereby created, would absorb the industrial energies of the Soviet union for the next half century or more. The normal expansion of its foreign trade which might be expected to accompany this development, based on accepted economic principles, and based perhaps on expanding mutually profitable business contacts with the west, would offer no such threat to us as does the open, ruthless, cutthroat commercial warfare which Moscow seems to have presently in mind.

A prospering people is not a war-minded people. With a rapid and steady improvement in their standard of living, the Russian people would, in my opinion, grow increasingly averse to any aggressive policies or actions of their masters toward the outer world. The U.S.S.R. might well become eventually even an influence for peace and stability, its present subversive role forgotten. That, of course, is indeed looking far ahead.

It is undoubtedly true, as I have mentioned, that the Soviet union has made substantial advances in industrial and economic development. It is equally true that there has already been a real betterment in the over-all living standards of its people. The men in the Kremlin, as a matter of self-interest, have been shrewd enough to see to that, and certainly there are few signs of any serious threat in the U.S.S.R. today, whatever the situation may be in the satellite states, where obviously different considerations apply. I might say here that I am mindful of what

was said by the hon. member for Parkdale with regard to the Ukraine, and I fully agree with all that he said. None the less, I do not think, looking over the whole extent of the U.S.S.R., it can be said that there is any unrest in that country today seriously threatening its existing system of government. It may well be that many of the Russian proletariat, having in mind the poverty of the past, count themselves among the favoured of the earth. Yet such an attitude must be based largely, I suggest, upon the ignorance of the Russian people with regard to the material achievements of the west. They do not know how far they still lag behind their western counterparts in material well-being. They do not realize that a concentration of the immense potential capacities of their country upon domestic problems, upon internal improvement and development, and upon their own advancement, could speed to them, the people, within their lifetime, benefits of which they have yet hardly dreamed. Conversely, they do not realize that the diversion of much of those capacities toward conflict, economic or otherwise, with the west must largely postpone such benefits for decades, even if it does not involve all mankind in irretrievable ruin.

If one could bring home those considerations to the Russian people and dispel the fear so skilfully fostered in them that the west harbours hostile designs against them—and certainly that fear must be dispelled if the shadow of war is to be permanently banished from the earth—I believe that the wish for peace and for the abandonment of all forms of external aggression in favour of the internal development of their own country for their own good would become so compelling a force, even upon the iron totalitarianism of the Kremlin, that their masters would hardly dare do otherwise than lead them in the direction they wish to take. After all, the great majority of the Russian people is not numbered in the fanatic communist party; and though they may be, as I say, reasonably content with their form of government, having known none better, they do share the common longing of common folk for peace and plenty. Deep, too, within them must lie the unquenchable human instinct for freedom.

That it would be highly desirable to bring about a closer understanding between the Russian people and those of the west is certainly no novel idea. Hitherto, however, by means of the iron curtain, the men of the Kremlin have succeeded admirably—perhaps "notably" is a better word—in insulating the Russian masses from knowledge of the west, and exposing them only to such evil propaganda as they would have them hear.

[Mr. Lusby.]

It seems to me, however, that the present shift in communist strategy from military pressure to economic warfare gives rise to two conclusions, or rather gives rise to a conclusion and presents an opportunity.

First, in view of what I have said, it emphasizes and renders more urgent, as a means of defeating that strategy, the desirability and importance, which has long been given background recognition, of the spreading throughout Russia of a better knowledge and understanding of the west, both of our pacific intentions and of the material progress and well-being of our peoples. Our achievements in the latter respect, though neither complete nor perfect, would come, I suggest, as a revelation to the Russian masses, as would the degree of freedom possessed by the individual under our present system of government.

Second, the new Moscow strategy, as I see it, unavoidably offers to the west an opening for the propagation of such knowledge and understanding. In this regard, we can do comparatively little by way of direct action against Soviet restrictions. I question that radio broadcasts and the like, though they no doubt have their place, impinge greatly upon the consciousness of the Russian populace. But the current Kremlin policy of economic warfare, now concentrated on the wooing of the uncommitted nations by promises, implemented or not, of material aid, later to take the form of a campaign to capture the export markets of the west, involves first of all the securing of the political confidence of those countries with which closer business and other ties are sought. The lamb does not play, or trade, with the obvious wolf. Therefore the wolf must assume sheep's clothing which, in this case, is the trappings of liberty and democracy.

There has been much speculation as to the reasons underlying the uprooting of Stalinism in the U.S.S.R., with all its easily foreseeable risks of shaking the confidence of the Russian people in the present regime. To my mind, at least one cogent reason is not far to seek. The shift of the campaign against the west from the military to the political and economic fields required that the U.S.S.R. pose as a true democracy before those states it seeks to beguile into closer commercial and political association.

Will you call it six o'clock, Mr. Chairman?

The Chairman: Has the hon. member leave to complete his remarks?

Some hon. Members: Go ahead.

Mr. Lusby: Now, certainly no avowed apostle of Stalin could be mistaken, even by

the most gullible, for a democrat. Therefore the cult of the dead dictator must be, to all seeming, eradicated root and branch and his former followers and sycophants must essay the hazardous expedient of recanting their errors without fatally jeopardizing their posts of power and their hold upon the confidence of the Russian people and of communist cells abroad.

To this exacting task they have applied all their usual diabolical cunning, but it has necessarily led to a considerable—and no doubt reluctant—relaxation of restrictions at home, as well as to sweeping alterations in the face they present to the outer world. There are many signs that the Russian people are being accorded a somewhat wider, if still pitiably slight, freedom of travel, of discussion, even perhaps of criticism. The power of the secret police is less in evidence. Visits of foreigners, not only those in official positions, such as our Minister of Fisheries, but even of tourists, to Russia are becoming commonplace, as are those of groups, carefully selected, of course, of Russian citizens abroad.

All this, mark you, implies no effective undermining of that castle of absolute autocracy wherein Khruschchev, the implacable, still sits enthroned, though latterly with as little ostentation as possible. But in maintaining even such a semblance of democratic ways it seems to me the government of the U.S.S.R. lays itself open to various pressures from the west which it can withstand only at the price of revealing the falsity of its pretenses.

The present trend—which of course may be reversed at any time and is at best unstable, as Khrushchev's occasionally verbal outburst against the west indicates—is for the Kremlin to profess a love of freedom and peace, an eagerness for friendly relations, trade and co-operation with all the outer world. These things are utterly inconsistent with the maintenance of the iron curtain in all its impenetrability. Surely then with adroitness and ingenuity western diplomacy may succeed in wringing from the Soviet's rulers, while they continue to wear their present mask of democracy, concessions in the raising of that curtain in many ways.

I suggest that the United Nations offers a most useful forum for such efforts. The shift in strategy of the U.S.S.R. leaves, shall we say, a chink in its political and diplomatic armour which, skilfully exploited, may lead to many chinks in the iron curtain, each of which may in turn prove embarrassing to the Kremlin. Perhaps I should interpolate here and say that I am not referring to Russia's relations with red China.

I submit that it should be a major aim of our diplomacy to take advantage of the opening given by the change in Soviet strategy to press in every way possible for the further and speedier lifting of the iron curtain, for the underlying purpose of affording to the Russian people a wider knowledge of the west. The task will not be an easy one; many overtures to that end will meet with refusal. But even refusals may provide useful ammunition for demonstrating the fundamental falsity of the Kremlin's democratic pose, and for this reason we may hope for compliance with at least a modicum of any proposals made. If in the end our efforts enable the Russian people to acquire a wider knowledge and understanding of the west, of its aims, its liberties, its peaceful purposes, the material standards of its workers, I believe the benefits will be incalculable on both sides, leading ultimately, as I have suggested, to the abandonment or at least the curtailment of the projected Soviet economic offensive against the west in favour of a program of internal development, to the primary advantage of the Russian people themselves.

I submit that a most vigorous and unceasing prosecution of policies designed to bring about such a wider knowledge and understanding of the west among the common folk of the U.S.S.R. is at this time well worth thought, effort and money. I am glad to present my views here in the presence of the Secretary of State for External Affairs, for I know of none better qualified than he to plan and implement such a program.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Zaplitny: I realize that the committee is anxious to make all possible progress in view of the lateness of the session, and I happen to be in the happy position of being able to accommodate the committee in that respect, because a great deal of what I had intended to say has been more ably said by my colleague from Winnipeg North and also by other members who have taken part in the debate. However, there are one or two matters of a general nature that I wish to raise, and I think this is the appropriate place to do so.

First I should like to say how pleased I was to hear of the great support from all sides of the house at this time for the principle of self-determination for all the nations of the world. It is of particular significance to

me, because about two years ago I had the pleasure of raising that question in a speech in this chamber, and the developments that have taken place since have, I think, confirmed what I had to say at that time. I have heard today and on other occasions in this house what I consider to be a very sound approach to this whole problem with which we are faced in respect of the Soviet union and its influence on Europe and on the world. I believe that as long as this nation and other nations of what we call the democratic west stand firmly for the principles of freedom, democracy and self-determination, much of the smokescreen of propaganda that comes out of the Kremlin will in time clear away, and the people will be able to see clearly that these nations are the ones to look to if we are going to make any progress toward peace.

During the course of this debate and on previous occasions various party leaders have made statements with regard to the principle of self-determination. Only this afternoon the hon. member for Fraser Valley quoted in part a speech that was delivered by his leader in the city of Winnipeg a few weeks ago. On other occasions the Leader of the Opposition has placed statements on the record, and I think it is only fair that I should at this time place on the record part of the statement of my own leader having to do with that particular matter. It was on the same occasion as that referred to by the hon. member for Fraser Valley, and I have the honour of reading that statement to the Canadian congress which took place in the city of Winnipeg on July 7. This is in relation to this whole question of self-determination of nations. In part the hon. member for Rosetown-Biggar said:

> We are in full support of the principles underlying the United Nations—an organization in which I played my part as a Canadian delegate in San Francisco in 1945. We are fully in support of the principles set forth in the Atlantic charter, which acknowledges the right to freedom and self-determination for all the nations of the world.
>
> We are, therefore, in full sympathy with the desire of the Ukrainian people to achieve freedom and sovereignty for their nation and for the enjoyment of a progressive, democratic society which could live in peace with the other freedom-loving nations of the world.

I place that on record so it may be alongside the other statements that were made today.

In a general way, I must say that I agreed with the statement made by the minister this morning, but he did make one statement which I think should not be left on the record without comment at this time. He may not have meant to leave that impression, but at any rate the impression I received was not a good one. It was in connection with some of the difficulties arising out of relations with the Soviet union. This is only part of the sentence as I wrote it down, and the full sentence will appear on the record, but he referred to the "Slavic tradition of autocratic rule". I understand the minister is a historian in his own right and he is, of course, a diplomat of high note in this world, but I think that on reflection he will realize that that is a generalization which is not only historically inaccurate but from a diplomatic point of view rather dangerous.

When I heard that statement I took the trouble to look up the Encyclopaedia Britannica in order to establish in my mind just what the word "Slav" refers to. I find that the people or race referred to as Slavs are certainly not confined within the borders of the Soviet union, to begin with, and, second, that not all the people confined within the borders of the Soviet union are of Slavic origin. If the minister will take a look at page 789 of the Encyclopaedia Britannica he will find that there are actually three different groups of what are known generally as Slavs. There is the eastern group, which takes in the Russians and Finns. There is the northwestern group, which includes Poles, what were known in the old days as Ruthenians and later as Ukrainians, and Moravians and certain other smaller groups; as a matter of fact, that group runs right into central Germany. Then there is the southern group, including Serbo-Croats, Bulgarians, Roumanians and people from the Balkan peninsula generally, going into southern Hungary and as far as Albania.

I mention this because I think it is always a danger to generalize. To speak of the tradition of autocratic rule of the Slavs is, I think, to overlook a great deal of history. I should like to refer the minister to what was said by William Henry Chamberlin, who was a correspondent for the *Christian Science Monitor* in the Soviet union for a period of about 12 years, I believe, from 1922 on. Certainly he would have had a very fair opportunity to acquaint himself with these so-called Slavs to whom the minister referred. If you look at page 6 of this book called "The Ukraine: A Submerged Nation", you will find this paragraph:

> One of the finest traits in the Ukrainian national character, a trait that is commemorated in some of the most powerful verses of Shevchenko, is the love of liberty. The Ukrainian heroes of the sixteenth and seventeenth centuries were the Kozaks, the warrior frontiersmen who fled from the yoke of Polish squire or Russian landlord and founded their wild, free military community "beyond the rapids", on the lower Dnieper. They went on expeditions, half-crusading, half-marauding, against Turks and Tartars, liberating large numbers of Christians who were held in slavery. They were unwilling to bow to any despotic

authority, either of Polish king or of Russian tsar or of the big landed Polish aristocrats. They were quick to rebel against their own elected "atamans", or military chiefs, if they found the latter guilty of oppression or of treason.

That goes back to the sixteenth and seventeenth centuries. I do not know how far we have to go back to establish tradition, but certainly that is not the tradition of a people that can be referred to as having the tradition of autocratic rule. That does not refer only to Ukranians but refers equally to other so-called Slavic people. Every opportunity people in that area of Europe have had to establish or discover democracy and freedom as we understand it in our nation, they have used; and they have made a heroic effort to win that freedom.

It is true, of course, that they have experienced autocratic rule and they are still experiencing it, and in that respect I agree with the minister when he states that once the spirit of freedom begins to gain momentum in the nations under the domination of the Soviet union, no one knows where it may lead.

In this respect I am perhaps more optimistic and hopeful than some members of the house, when I state that in my opinion the time is not very far off when we will be seeing some great developments in that respect. While in some quarters the industrial and economic progress now being made in the Soviet union is looked upon with a certain amount of fear and apprehension by western nations, to me it represents a great challenge and a great opportunity because, as I think the minister will agree, economic freedom and political freedom thrive equally as well in the same climate, and if the people of that huge part of Europe get a taste of economic progress, their natural desire will be to free themselves politically and to live under a democratic system as do most of the other nations of the world. I believe it will not be long before big developments will be taking place both within the Soviet union itself and among the satellite nations.

The reason we sometimes get the impression that it is almost a hopeless cause for these people to rise up politically and cast off the yokes of dictatorship which hold them is, of course, that we receive a filtered version of what is actually going on in that nation. But we do know on the basis of history, on the basis of experience, on the basis of information which is not generally found in the newspapers, that there is a great deal more thinking, planning and discussing going on, particularly among the younger people in the Soviet union, than we give them credit for. I firmly believe that there is a strong, militant spirit for democracy and freedom within the borders of that empire which is going to burst forth into big developments before we are many years older. What form it will take it is not for us, of course, to know at the present time.

I have already quoted the opinion expressed by Mr. Chamberlain, which sets out something of the tradition of those people referred to as the Slavic race. I also want to place on the record now certain views expressed by Mr. John A. Armstrong in a book published in 1945 by the Columbia University Press of New York entitled "Ukrainian Nationalism 1939-1945" in which, after having made a study of the history of the nationalism of the Ukraine, he sets out something of the more recent efforts of the people of that nation. I think it would be useful to have it on the record because unfortunately there are some people in Canada and elsewhere who have the impression at times that this spirit of nationalism, this effort to win independence for subjugated nations, is largely led by a group of reactionaries who are out to regain sovereignty for their own personal prestige. There is an impression abroad that the nationalist movements are led by reactionaries.

Potentially or possibly that is sometimes the case, but it is certainly not the case so far as the Ukraine is concerned. I should like to refer hon. members to Mr. Armstrong's book in which he sets out a number of statements made as recently as 1944 by a conference of various groups and organizations in the Ukraine whose common object that this does not represent the views of a particular political party but represents the collective views of people who were hoping that under some circumstances they could set up their old republic based on certain principles. Here, as found in Mr. Armstrong's book, are some of the principles set before that conference and adopted by it:

(a) Assurance of popular democratic procedures in the accomplishment of the political development of the Ukrainian state by the general assembly of the people.

(b) Assurance of freedom of thought . . . and of belief.

(c) Assurance of the development of the Ukrainian national culture.

(d) Assurance of a just social order in the Ukrainian state, free of exploitation of classes and suppression.

(e) Assurance of the rule of law in practice, and of the equality of all citizens before the law in the Ukrainian state.

(f) Assurance of civil rights for all national minorities in the Ukraine.

(g) Assurance of the right of equal educational opportunities for all citizens.

(h) Assurance of free initiative in creative economic activity, regulated by the requirements and needs of the entire nation.

Then there are further principles along the same line. I place this on record to point

out that far from being a race or group of people who have had no contest or have had less contact with the spirit of democracy and democratic procedures, we find that as recently as 1944, after many years of subjugation and lack of opportunity to develop these principles, an ad hoc conference is called in the midst of war at which principles are set out which I think could safely be incorporated in its platform by any of the political parties represented in this house. Certainly neither the minister nor I would think there was anything in the principles I have cited that would not find its place in our respective parties.

In other words, we have to realize that in that part of the world there is a large mass of people whose desires, whose principles, whose ideologies are in very close relationship to those existing in this very country or in Great Britain, the United States, France or any of the western democracies. Once we realize that I think it will become much more clear to us how great our opportunity is and how important it is at every opportunity, whether through the United Nations or through various diplomatic channels, to stand firm for the principle of self-determination and for the freedom of all nations.

In that respect I should like to put on the record one more quotation from a book by a man who has done a great deal of research to give hope and encouragement not only to people of Ukrainian origin but to people of various racial origins who find themselves without a nation at this time, or whose nation is under the domination of the Soviet union. That man is Professor Clarence Manning, who is a familiar figure on the Canadian scene and is associate professor of Slavic languages at Columbia University. In a book he wrote recently entitled "Ukraine Under the Soviets" he had this to say in his concluding paragraph:

> There is only one thing certain. Before the United Nations can function as it was intended, its members must be independent states and peoples. That means that the Ukrainian representatives must be free representatives of a free Ukraine who can contribute their part to the common welfare. In one way or another, that must come and the Muscovite domination must be ended. May it come soon and in a peaceful manner! Then, with that will come of necessity the ending of the process, the restoration of liberty to the countries within the iron curtain and the possibility of the co-operation of men for the elimination of suffering, want, injustice and fear and the opening of a new and enlightened period in human history.

Of course the process to which he refers here is the continuous process of Soviet imperialist expansion. These are the kind of statements, whether they are made by such men as Professor Manning, whether they are made in this chamber by various representatives of the different parties or in the United States congress or anywhere else in the world, that represent the kind of encouragement and the kind of bedrock of hope which are deeply appreciated by people whose nations have been subjugated by the Soviet dictatorship. That is the kind of thing we can do without resort to violence in order to keep alive that spark of hope and the principles for which these people stand. As long as we stand firm on those principles and use every available opportunity, through the established channels of the United Nations and our free parliaments, to give that kind of encouragement and to make our stand positive and clear, I believe we shall win the respect and friendship of those many millions, of whom approximately 40 million are Ukrainians and millions are of other races, all of whom are represented in one way or another by people who have come to this country. I believe that in this way we shall win their friendship and respect and that we shall have, in my opinion, the best possible alliance so far as our own security is concerned in this country.

I firmly believe that the time is going to come, and soon, when the Soviet union itself is going to find that the desire for liberty, freedom and self-determination within its own borders is so strong and so dynamic that those in power there will not dare to start a fire in which they themselves may become engulfed. If that is the situation it means that we are to that extent far more secure.

In closing I just want to express again my appreciation of the remarks of the hon. member for Fraser Valley, the hon. member for Parkdale and several others who have spoken, and who have given hope and encouragement to the people of the subjugated nations of Europe whose brethern are in Canada, in the United States and scattered all over the world, and who have hopes of seeing their nations becoming sovereign and independent and taking their part with the other free democracies in a free and happy world.

Mr. Castleden: Mr. Chairman, I just wish to say a word or two on the same matter. I share with the hon. member for Dauphin the surprise, when the minister, in his address to the house today, mentioned the "Slavic tradition of autocratic rule". I think the hon. member for Dauphin is a fine example of what the Ukrainian people have produced in Canada and of what the people from the Ukraine can do in the way of taking the lead in the struggle in the world for freedom and democracy.

Anyone who has taken the trouble, as have I, to study the history of the Ukrainian people could not help but realize what they have gone through. He could not fail to realize that through the centuries they have fought and suffered loss of life and worldly possessions in order to hold the right of freedom when oppression came to them from the east or south again and again. Nor could he fail to realize that a nation which went through all that and still held fast to that spark of freedom must have people of great character who can and will take their place, with free Canadians and people in other parts of the British commonwealth of nations, in upholding the British traditions of freedom. Britain went through a similar struggle. The people of the Ukraine also developed love of freedom through it.

It has been my honour and pleasure to have known, lived among and worked with people from all parts of Europe. I can say that probably 60 per cent of the people in my own constituency come from the Ukraine and eastern parts of Europe. I do not know of any people who have done as well—and certainly few have done better—in taking their place in Canadian life and Canadian democracy. In our institutions of learning, including our universities they have taken their place as good Canadians. When we were called upon to defend ourselves against the threats to democracy, these people were among the first to answer the call. I would say that their history has created in them a great consciousness of the value of democratic freedom. They are extremely alert to any signs of decay in, or any attacks upon that freedom within their country. They are ready to work and to sacrifice in order to maintain that freedom. I think the Canadian people should appreciate that.

My first personal experience with these people was in the schools of our own province. Here I found those students taking the lead in their classes. I found students going to our universities and passing their examinations with the highest marks. I think of a girl from my area who graduated from the University of Saskatchewan in 1950 with the highest marks ever attained by any student in that university, Miss Sylvia Fedoruk, who is today giving leadership in a branch of physics at our university in the treatment of cancer. She has been engaged in the technical part of the handling of the cobalt bomb for cancer treatment.

These people in all walks of life are taking their place. I did not wish the minister's remarks today in any way to cast any reflection upon these people. The lesson which we have to learn is that people are pretty much the same the world over. You cannot generalize and say that one group of humanity is more this or more that. Given the opportunity, all people throughout the world want freedom. They want the right to live. They want the right of self-determination. They abhor dictatorships and autocracy. They dislike slavery in any form. Such people some day will show the world that that part of Europe and Asia can take its place along with the rest of the world in moving all mankind forward as one people toward a better world.

Mr. Crestohl: Mr. Chairman, the minister and his department in recent years have so consistently been following a satisfactory foreign policy that I had no intention to participate in this debate. But unfortunately recent rather explosive events command the attention of everyone concerned with peace in the Middle East. I therefore rise for a few moments to make some observations.

The dictator of Egypt, since his rise to power, has constantly professed that he has no aggressive intentions. What can be more aggressive, Mr. Chairman, than the arbitrary and unilateral seizure of a vital international waterway created by the terms of a legal and binding contract? It is this exposure that brings me to my feet in order to again caution peace-loving world leaders to courageously arrest any further aggression in that or any other part of the world.

It should be obvious to the entire world that the predicament in which Colonel Nasser now finds himself may drive him to further acts of aggression, unless he will know that his move will be successfully repelled. It is obvious to everyone that to retain his popularity at home he may be driven to attack Israel. I suspect that this may be his next move. I therefore, Mr. Chairman, make the forthright statement that the plea by the government of Israel for defence planes should be met as quickly as possible, and before it becomes too late.

I further emphasize that, as the hon. member for Prince Albert so clearly pointed out, Egypt is in possession of a very large fleet of offensive bombers. Israel does not ask for bombers. She asks for jet planes to prevent Egyptian bombers from destroying her. Providing Israel with these defensive planes is not only a humanitarian act but, even more, is a step in defence of the position of the western powers in that area.

Let us frankly and courageously face the facts, Mr. Chairman. The western powers have no one else in that area on whom they can rely as safely as upon Israel. This point has been constantly made by almost every speaker familiar with the problem. Why,

therefore, do we still hesitate? What diplomatic niceties are permitting the exposure of our own position to such dangerous risks?

Rumours were afloat very recently in our country that Canada would sell to Israel a number of defensive planes. The impatience of the people of Israel and of many people in many quarters in Canada and the other western countries should be understandable, and I know is fully recognized by our government. Though I am not unmindful that the government of Canada must exercise great caution in view of the recent complicated developments, I must nevertheless point out, Mr. Chairman, that these complications result from the unilateral actions of a dictator who truly follows the diabolic pattern of dictators. We have learned from painful experience in this very century that dictators understand nothing better than a show of courageous strength and grim determination to stop them. The very actions of the Egyptian dictator, by themselves, should have promptly precipitated strengthening our position in the Middle East rather than retarding it. I appeal to our government to be in the vanguard in urging our allies to strengthen western defences in the Middle East post-haste, and the first move should be the shipment to Israel of the defensive planes for which this dependable ally of ours so passionately pleads.

I commend, Mr. Chairman, the position taken by the United States government not to permit itself to be duped into financing the construction of the Aswan dam. This is a courageous demonstration of policy and is a declaration that it recognizes the complete duplicity of Colonel Nasser and his military clique in Egypt.

This, Mr. Chairman, is only a step in the right direction in a negative way. Such acts by themselves are not sufficient. There must be affirmative action equally as courageous. I admire too, and commend, the speedy action of the United Kingdom in freezing Egyptian assets and in sending warships to the vicinity; that is a positive and very significant move. But I respectfully suggest that the western powers should go much further. I can think of no better or more positive act to demonstrate to the Egyptian people our repugnance of this behaviour than by sending an abundance of defence equipment to Israel. Why should we hesitate to tell Colonel Nasser we are apprehensive of his further aggressive actions? Sending the planes to Israel would be an effective warning to him that the western powers will not tolerate further aggressive behaviour. At the present stage all sense of logic dictates the strengthening of Israel's defences, which could in no way adversely affect the western position even though it might displease Mr. Nasser.

It is my respectful submission that at this point the western powers would be turning the other cheek too readily if they showed any concern about displeasing Mr. Nasser. Not strengthening Israel's defences is to be virtually delinquent in strengthening our own defences in the Middle East. Let us therefore not, by an act of omission, place ourselves in a position that may cause painful results. I do not want to pour salt on anyone's wounds, but deep down in the hearts of many diplomats in Washington and in London there must be intense soul searching and genuine remorse for having sent Egypt such an abundance of planes, tanks, warships and other aggressive weapons. They must now bitterly realize that they have built a Frankenstein. I am fearful that the statement I made on the floor of this house some months ago may yet, heaven forbid, materialize; that is, that our men may yet be facing weapons which we have ourselves supplied to an irresponsible and over-ambitious dictator.

When I said six months ago, Mr. Chairman, that the massing by Egypt of vast armaments near Alexandria was for greater game than Israel, it now becomes obvious that it was the Suez canal that was one of those greater objectives. Mr. Nasser would not have dared to do what he did last week if he had not had the vast armaments to defend by force, as he recently declared he is prepared to do, any position he has taken. He would not have dared to make that move were he not aware of the fact that he had a vast collection of armaments in his country which we ourselves helped to build up.

What he has done is what contemporary history shows that all dictators do. They follow the same pattern. They first do something aggressive, and immediately set up a smokescreen with honeyed language declaring peaceful intentions, promising readjustments and subduing the troubled waters by these false manoeuvres. This was the pattern of Hitler following every move he made into neighbouring countries. This was the style of Mussolini and is also the pattern Russia followed in Korea, China, and only in recent days again is attempting in Burma. This is precisely the course that Nasser has set for himself.

He must be stopped and stopped at once. Caressing him will be useless. Negotiating with him will be meaningless and worthless. A barrier must be set up beyond which he dare not go. Sanctions should be imposed. He should be completely isolated for disregarding unilaterally a sacred agreement

entered into almost 100 years ago. That is why the only treatment he deserves is the kind of treatment that he will understand.

I respectfully submit, Mr. Chairman, that fearless strength must be demonstrated if any value in the future is to be placed on an international agreement or treaty. If Nasser's action is to go unchallenged with all the vigour the civilized world can command, the value of international relations in the future will always remain in doubt. International covenants must be respected. They are sacred. Without them our civilized structure must collapse; and this, Mr. Chairman, must not happen.

The role our country is now playing in international affairs, therefore, justifies it in taking the lead if necessary in urging a vigorous course of action. Canada assumed a righteous role in helping the state of Israel to be established. It is my respectful opinion that we can likewise be helpful in restoring peace in the Middle East, but I am convinced that the most effective way of doing that is to help Israel become strong, to a point that it will deter aggression.

We should no longer accept the argument that giving weapons to Israel will fan the flames of instability in the Middle East. Israel did not cause the nationalization of the Suez canal by Colonel Nasser; Israel did not make the deal which gave Russia a foothold in the Middle East; Israel did not demand the recall of General Burns for doing a masterful, if thankless, task in trying to retain some modicum of peaceful control of the border areas between Israel and her neighbours. If all this is true, and I submit it is true, then the recent events which have stirred the embers of Middle Eastern affairs to a new heat abundantly justify the immediate strengthening of Israel, which is *de facto* strengthening our own position.

I therefore respectfully urge upon the government that the most effective role Canada can play in maintaining peace, as well as the dignity and self-respect of the western world, is to take immediate steps to persuade the other western powers to demur no longer, and to help create a show of defensive strength in the Middle East which will go a long way to safeguard the peace of the world.

Mr. Pearson: Mr. Chairman, I am as anxious, I think, as any member of the committee to get ahead with the estimates, but I believe that before proceeding the committee would expect me to try to deal with some of the questions which have been raised in the discussion and which have been addressed to me. It has been said by one or two speakers that in my earlier statement I had omitted to deal with some very important developments. No doubt that is true. I tried to keep within the 30-minute limit, but those other matters have been brought up during the course of the discussion, and I may have a word to say about them now.

I wonder, Mr. Chairman, whether before doing so I can, though not a member of the committee on external affairs—I merely had the honour of appearing before it—associate myself with the very generous tribute paid to the chairman by the hon. member for Prince Albert.

The hon. member for Prince Albert, in his very interesting speech, raised one or two questions which I should like to deal with briefly. He asked whether I could say anything more than I did say about the work of the committee of three of NATO that is looking into the question of non-military co-operation. It is true that I merely mentioned that committee. Of course one obvious reason for that is that the committee is in the middle of its work, and as a member, only one of three members, it is not easy for me to speak about that work at the present time. However, I can say that we had a very useful first meeting in Paris not very long ago, and at that time we decided to send to all the member governments of NATO a questionnaire, a long and detailed questionnaire, about all aspects of non-military co-operation we could think about in order to get the views of governments before proceeding with the drafting of our report. That questionnaire, for instance, has been in the hands of the Canadian government for some time and our answers to the questions I hope are to be considered by the cabinet this week. When these questons are all completed it is the intention of the committee to meet in Paris and discuss each answer with a minister representing the government which has submitted the answers, and to have an exchange of views with those governments, after which we shall proceed with our report.

The hon. member for Prince Albert also —and this is another NATO matter—mentioned the situation in Iceland. It is one, of course, which is worrying to the NATO organization, and it is one that has been discussed already in the NATO council. I am hopeful that as a result of those discussions, this difficulty over the United States air base in Iceland can be solved, and that Iceland will continue to give strong and steady support to the organization. It is an important matter because the base is an important one; but probably just as important as the

air base itself is the situation of Iceland in so far as radar communication and installations are concerned. Therefore we must hope and do everything we can in NATO to resolve this difficulty, and I have some expectation that this will be possible before long.

The hon. member for Prince Albert also mentioned, and it is a very important matter indeed, the question of the reappraisal—I think that was the word he used—of our defence policies which is now under way and about which there has been so much discussion recently in various NATO capitals. What actually is happening is that the governments that are concerned, understandably, with adapting their defence and indeed their foreign policies to new circumstances—but I am talking about defence policies now—have begun to exchange views as to what, if anything, should be done. Those views are to be discussed in the NATO council, which quite properly is becoming increasingly effective as an agency for consultations of this kind. As I tried to say this morning, it is of vital importance that these things be done collectively through NATO and not unilaterally by national decision without consultation with other NATO members.

This question of political consultation in NATO, which the hon. member referred to, is one of very great importance and one to which our committee is giving special attention. I think if the record could be given for the last six months or the last year it would be shown that NATO has been more effective in respect to political consultations during that time than in previous years. That is as it should be.

The hon. member for Eglinton had something to say about the recent commonwealth prime ministers' conference in London. Apparently he has the impression that this government was not particularly interested in the conference and even implied—I hope I am not doing him an injustice—that we were not interested in commonwealth conferences generally. He suggested that the Canadian Prime Minister and the Canadian delegation had not done much to prepare for this conference and had made a pretty small contribution to it. I cannot accept that particular criticism.

We are interested in commonwealth conferences. We are very concerned with maintaining and strengthening commonwealth connections, which are of as great value in the world in which we live today as they have been at any time; and largely because of the three Asian countries. I think I am correct when I say that we have participated in more commonwealth meetings, including prime ministers' meetings, during the last 10 years than in any similar period since the commonwealth was established.

I can assure the hon. member that a great deal of preparation went into the work of this conference on behalf of the Canadian and other governments. It may well be that this work and the interest we have shown has not been reflected in the commonwealth conference communique, which has been described as a collection of cliches. The hon. member was impatient, and I can understand his impatience, because we had not come to more decisions at this meeting. I would ask him, decisions on what? There are specific problems within the commonwealth between commonwealth governments, and I admit that some of the most acute of them were not discussed at the prime ministers' conference. With my own knowledge, and I am sure this is shared by others, of the background of some of these problems I can say it was a very good thing that they were not discussed. If discussion had been insisted upon it might very well have broken up the meeting.

There was one specific problem settled, and that was the admission of Ceylon, when it changes to republic status, into the commonwealth as a republic. That was a matter of no small importance to the commonwealth, to continue in its membership Ceylon as a republic.

However, in so far as the main subjects on the agenda were concerned, it was not a question of reaching decisions, it was a question of exchanging views so that each member of the commonwealth would have the benefit of the views of the others. If you looked at the composition of the commonwealth today you would realize that there would be very divergent views on most of the international matters which concern us. When you have a membership which includes—I am mentioning these countries because they do have different and sometimes opposing views on certain international matters—South Africa on the one hand and India on the other, or New Zealand on the one hand and Ceylon on the other, it is not going to be easy to come to decisions on all international matters. But from this kind of composition comes a particular value in the discussion of these problems.

I believe that was very well exemplified in the meeting at London. I think every commonwealth representative left with the feeling that he had learned something new about these international problems by listening to other viewpoints, and especially the viewpoint of the Asian members of the commonwealth. I think that was of particular advantage to the other commonwealth prime ministers.

During the discussion several questions were asked about our policy in regard to the Middle East. I touched on that matter this morning, and I went into it at very considerable length when I spoke in the house earlier in the session. The hon. member for Prince Albert felt that we should have taken, or should still take no doubt, a stronger stand in support of the three governments which are now meeting in London in connection with the Suez canal crisis.

The hon. member for Eglinton complained that we were adopting—I think I am quoting him correctly—a lofty attitude of distant spectators, and he wondered whether we were taking this crisis seriously enough. Indeed we are, because it is a serious matter. Yet I think we were well advised in this government not to intervene, and indeed no other government has intervened in the way of blanket support. So far as I know the discussions in London have not as yet resulted in a decision even among the three governments concerned. This government, however, has already expressed its concern over this matter and has indicated our support for the principle of international control of the Suez canal, a principle which they are trying to work out in London at the present time.

But I doubt, even from the commonwealth point of view, whether it would be wise for us to go much further at this particular moment. Indeed, while the hon. member was speaking this afternoon I received a telegram from our representative in one of the Asian countries of the commonwealth which indicated that the feeling in that country on this matter was quite different indeed from that which exists in Canada or in certain other parts of the commonwealth. So while I think we must condemn and express real concern over what I have called already the arbitrary action of the Egyptian government; while we must do what we can to support the principle of international control of these waters, and the time may come when we will be given an opportunity to express our support of that principle by some kind of action, I do not think at this time we would be helping anyone by expressing more detailed views.

Mr. Diefenbaker: Would the minister give the house and the country a statement of the situation generally in regard to the Suez canal? Press reports certainly give a very dark and sombre picture of the situation. Would the minister care to comment within the limitations of the restrictions which we all realize have to be imposed?

Mr. Pearson: All I can say is that the information we received earlier this evening from London does not confirm some of the alarmist headlines which have been appearing in the press today about troop movements and all that sort of thing. We have reason to believe, although the information has not reached us officially as yet, that agreement has been reached in London this afternoon by which an international meeting will be called, at which it is hoped a settlement of this problem can be reached which would protect the use of the canal, and that no action other than this will be necessary for that purpose. That is all I can say, partly because the meetings in London are not completed and partly because I do not think I should go beyond that.

So far as the problem of arms shipments to Israel is concerned, I think our position has been made clear on that. Discussions have been going on among certain governments, three or four governments, with a view not to concerting a plan or a collective arrangement governing shipments of arms to Israel but with a view to seeing whether the responsibilities in this matter can be shared and whether our plans and our policies are in agreement; those discussions had come to a conclusion a few days ago when the Suez crisis developed. As I think I said yesterday in the house, any decision on our part arising out of those discussions has been postponed for a short time pending our effort to establish the relationship, if any, of the Suez crisis to the general situation in Palestine.

By that I do not want to give the impression that we are going to delay indefinitely because of this Suez situation, but it was felt advisable, and not only by this government, to delay the decision for a few days. I know that the government has taken a long time to come to a decision in this matter. It is a very difficult and a very complicated matter. Of course if a certain resolution had been passed in this house last February the decision would have been made for us, and our decision would have been very simple indeed. We would not have been permitted to send anything. However, conditions change, and men change with changing conditions, but we want to be pretty certain before we fill an order of this kind—a squadron of F-86's—that this will be conducive to security and stability in the area concerned. All I can say in addition is that I hope in a few days this matter will be disposed of in a satisfactory way.

Mr. Fleming: Would the minister permit a question? He has not dealt with the question I asked him this afternoon, as to whether the events of this week involving the Suez canal will be regarded by the government

as having a bearing upon the government's decision in regard to the application of Israel for those Sabre jets.

Mr. Pearson: I have just tried to answer that by saying that there may be a relationship between those two things which has not yet been established, to my satisfaction, but it was felt advisable to delay any decision for a few days until we could, after exchanging views with other governments, decide in our own minds what relationship, if any, did exist between these two things.

My hon. friend from Eglinton had something to say also about the Colombo plan. He felt that we might do more to show our support for that plan than we have been doing. In that connection I might repeat that, as hon. members know, we are increasing our contribution to the Colombo plan very substantially this year. It will be a larger increase than that of any other member of the Colombo plan, and I am sure that increase will be welcomed by all members of the house.

The hon. member said there was no limit to what could be used by the recipient countries under the Colombo plan and, to indicate that, he quoted from Mr. Cavell, who appeared before the external affairs committee and who, I agree, is a man who has won the respect not only of that committee but of others who know him. As shown on page 145 of the hearings of the committee Mr. Cavell did say, in reply to a question:

I think I can say now that I could spend any amount parliament agrees to give me, within reason. It is not too easy to spend this money, and I do not want to give that impression—

It is not so much the spending of money; it is the spending of money effectively. On that point Mr. Cavell went on to say:

If we can press on our leaders the necessity of making these people available;—

That is technical people, who are indispensable in connection with the contributions we are making under the Colombo plan in seeing that the money is well and efficiently spent.

—and having done that I would hope the situation would change to such an extent—

Mr. Goode: It is just a hope. It is not just a matter of the government providing money.

Mr. Cavell: That is so. It is a matter of national effort.

Mr. Michener: Would the expenditure of more money today be dependent on more technical people being available to you?

Mr. Cavell: Of course . . .

Mr. Michener: I take it we could not have more projects at the present time without there being more people in your administration?

That is, technical people from Canada to administer the expenditures.

Mr. Cavell: Quite right.

[Mr. Fleming.]

Then further on:

Mr. Michener: Your experience is that it would not be easy to get more at the present time?

Mr. Cavell: I think that expresses it very well.

So, while it is true that we could spend unlimited sums of money, because the needs are unlimited in that part and in other parts of the world, nevertheless I think it is even more important to make sure that the money we do spend is used effectively. The additional amount that is, I hope, being appropriated this year by parliament can be used effectively. It will be used for the establishment of the atomic reactor in India and for the building of the Warsak hydroelectric project in Pakistan, which has been a very difficult project indeed, involving as it does the engineering and technical co-operation of Pakistani and Canadian technical people. This extra money can also be spent in other constructive projects.

I join with the hon. gentleman in feeling that what has been done under the Colombo plan is one of the most valuable and imaginative things in post-war history. I hope we shall continue to support it constructively, and I hope that other countries will take the same stand in the future as they have in the past.

There is just one other matter, and that is a question which has been referred to by so many speakers, the liberation of subject peoples who are now under the Soviet yoke. In this connection my hon. friend from Dauphin read me a lecture a few minutes ago, and I must confess I deserved the lecture, because if I ever had any reputation as a historian I have certainly now lost it as far as being a historian of the Slav peoples is concerned. I talked about the Slav tradition of autocratic rule. That, I must confess, is a careless and unhistorical expression insofar as some Slav peoples are concerned, notably the Ukrainian people, the Czech people and the Polish people. They have a long tradition of democratic rule, when they had freedom in which they could express that tradition.

I think of Czechoslovak Bohemia in the seventeenth century and the Ukrainians during their great period. In fact in Poland they carried this passion for representative government in the seventeenth and eighteenth centuries to the extent that every member of the Polish diet in those days had a veto. But of course what I had in mind, and what I should have said—and I think this is historically accurate—was the Russian tradition, under the czars and under the communists, of autocratic rule. I think that does apply, and I think it might even apply to the developments going on inside the Kremlin walls now.

But I should like to join with all members of the committee in their expressions of encouragement to these subject people of the Soviet peoples whose passion for freedom has not been destroyed by the despotism of centuries, and I am thinking again of the Baltic peoples and the Ukrainians, who are now subject peoples under Soviet rule.

I agree with the hon. member for Prince Albert that the people of the free world must continue to let these subject peoples know that they are not forgotten and that at every opportunity we should give them what encouragement we can. By that I do not mean that we should arouse hopes that cannot be fulfilled, hopes of immediate liberation by force, because that would be the cruelest thing we could do to them; but we should let them know that they are not forgotten and one day, please God, they will be free again. We should take every opportunity we have of making that clear to them in any way which is open to us.

I am inclined to think myself that in addition to the encouragement they will get from us which should strengthen their morale, probably the best chance of freedom they have in the years ahead is to have those forces which may make for freedom, and which have been released by the new leaders of Russia for the time being at least, also given encouragement on our side. In a country where that kind of release is taking place, if these forces can gain momentum the chief beneficiaries of that kind of impulse will be the subject peoples now under the Soviet union. If there is anything we can do in that regard we ought to be proud to do it, especially in this country which owes so much to the people of these races.

That, Mr. Chairman, I think and I hope, deals with some of the questions that were raised during the course of the discussion. If I have omitted any, maybe hon. members will bring them to my attention.

Mr. Diefenbaker: Mr. Chairman, I think one was omitted unintentionally. I asked what general plans were arrived at, at the prime ministers' conference or as the result of consultations among the NATO nations, relative to the new look policy of the U.S.S.R. respecting trade and economic infiltration through the media of trade. I wonder whether the minister would care to say something about that.

What are the general plans? At the commonwealth prime ministers' conference was any consideration given to trade arrangements within the commonwealth? At the NATO council meeting was consideration given among the member nations of NATO with the view that multilateral trade within the NATO nations might be encouraged and expanded to the end that the communist offensive in this regard, which up to the present has enjoyed quite a measure of success, might conceivably be met or at least stopped to some degree?

I was also wondering what the minister might have to say with regard to Iceland. As I understand the situation in Iceland, a major source of complaint on the part of the majority of the people there arose by reason of the failure of one or other of the NATO nations to maintain the extent of trade that had prevailed prior to 1952, particularly in fish and fish products. Are there any plans in mind whereby Iceland might be induced to change its attitude as recently announced by the premier of that country? What is being done to offset the tremendous increase in the fish trade with Iceland by the U.S.S.R.? Those are two or three matters on which I would appreciate further enlightenment.

Mr. Pearson: I do not know if I can give very much enlightenment on these subjects, but I shall try to deal with them briefly. So far as the first question is concerned, whether there were discussions at the commonwealth conference which would have a bearing on what has been referred to as the Soviet economic offensive, there were such discussions because we had a whole day devoted to economic matters. During that time there was a very searching examination of trade problems, especially within the sterling area, because all members of the commonwealth except Canada are members of the sterling area, and there was agreement that everything possible should be done to reduce obstructions in the way of trade and bring about the broadest possible measure of multilateral trade and payments.

But when you get to the other question of the economic offensive of the Soviet union, if you want to call it that, this illustrates very graphically the point I tried to make a few minutes ago about the divergence of membership and therefore the divergence of views within the commonwealth. There would obviously be a different approach to that subject, to its dangers and to how they should be met, if it is dangerous, on the part of India than on the part of say New Zealand. There are members of the commonwealth which are receiving economic assistance from the Soviet union of their own free will, and it is not likely that those members are going to join in any commonwealth decision to condemn what might be called the Soviet economic offensive.

But it was agreed by other members of the commonwealth, as I tried to say this

morning, that Soviet policy is now expressing itself—and this has been repeated by more than one speaker this afternoon—in new ways, and one of those new ways is trade and commercial arrangements and infiltration into the economies of other countries through economic assistance. It is recognized by a good many members of the commonwealth, by some members possibly more than others, that this constitutes a challenge to ourselves. Yet I think most of us felt that we would be making a great mistake if we tried to engage in any sort of competitive auction sale with the Soviet as to who could do the most for any particular country irrespective of whether that country really needed the particular aid in question. It is a complicated and difficult subject.

It has also been discussed at the NATO council. There is probably greater unanimity of view there as to what is involved in the matter than in the commonwealth because of the nature of the NATO membership. The NATO permanent council and the secretariat have been giving a good deal of study in the last two or three months to ways and means which might be adopted by the individual governments, because after all this can only be done by individual governmental action, to meet this new challenge which is now coming from Moscow.

Then there is the question of Iceland. It is quite true that one of the reasons for discontent, if you like, in certain sections of the Icelandic population about the NATO association is the trade dispute between Iceland and the United Kingdom in respect of fish and the concept of territorial waters.

Mr. Diefenbaker: And the United States.

Mr. Pearson: Also there is uneasiness on the part of certain of the people of Iceland in having a United States air base on their territory at a time when the sense of imminent danger seems to be somewhat removed. The trade dispute between the United Kingdom and Iceland did result—and this is an interesting illustration of Soviet tactics—in the Soviet moving in and offering to take all the surplus catch of Iceland's fish, thereby possibly saving them at that particular time from economic distress.

I hope that situation can be rectified but, as I said a few moments ago, I feel that the discussions which are now taking place inside NATO and with the Iceland government will at least provide a solution for these difficulties which will permit that small but important NATO country to support an organization which is as important for Iceland's security as it is for that of the rest of us.

[Mr. Pearson.]

Mr. Blackmore: I wonder whether the minister would mind elaborating or elucidating slightly that expression of his, namely "economic infiltration"? Can he put that expression in terms that we would find more familiar to us? Just what is the nature of the infiltration in which the Russians are indulging?

Mr. Pearson: I should like to go into detail but it would take a long time. Maybe my hon. friend and I might have a chat about it one day. I think it is fairly obvious what it means. It means that the supplying government, the assisting government, by virtue of its economic assistance, will achieve an influence which will be more than economic and the country which is getting the assistance will probably become more and more dependent on the supplying government; or it may mean that economic assistance is given with political strings attached which would provide for infiltration.

Mr. Blackmore: Am I right in assuming that in some respects it resembles what the United States is doing when she gives an export subsidy as a result of which her goods go into the markets of another country on an uneconomic or uncompetitive basis?

Mr. Pearson: Mr. Chairman, I did not have the United States in mind when I just spoke.

Mr. Fleming: Mr. Chairman, if the general discussion is concluded I should like to raise a matter on the first item. It is a matter of detail. We are dealing with the general item of departmental administration.

Mr. Patterson: Mr. Chairman, is it the understanding now that the first item passes and we are going along?

Mr. Fleming: No. I am raising a question as to a figure which is part of this first item.

The Chairman: Item 92 is still before the committee.

Mr. Fleming: Item 92 is departmental administration. In the details on page 174 there is a subitem that is fourth from the bottom of the page, "Publication of departmental reports and other material, $112,200". This represents an increase over last year. I wish to say a brief word about departmental publications. There are some of the publications of the Department of External Affairs that I think all of us would commend, but the use made of at least one of these publications is something that I think calls for comment in this house.

At an earlier point in the session I drew attention to the use made of a publication entitled *The Canadian Weekly Bulletin,* which is issued by the information division of the

Department of External Affairs. On February 9, as reported at page 996 of *Hansard* I drew attention to the fact that in one of the January issues the information division in this publication had published the speech the Secretary of State for External Affairs made in the house on January 24 on the subject of arms shipments abroad, but had not included the speeches of any of the other members of the house, including members of the opposition. The occasion was a debate on this extremely important and vexed question. This publication of the department contained copious extracts from the speech of the minister in this house, but did not so much as mention the speeches made by other hon. members.

Mr. Richardson: They publish only good speeches.

Mr. Fleming: Apparently it suits the view of my hon. friend that only the speeches of the minister should be published at public expense. The following day I had occasion to draw the attention of the house to the next week's issue of this same bulletin, in which precisely the same thing had occurred again. As reported at page 1050 of *Hansard* I addressed to the Prime Minister a question in these words:

> Does the Prime Minister consider it a proper use of public funds that the information division of the Department of External Affairs should publish the speech made by the Secretary of State for External Affairs in the debate in this house on January 31, and no speeches of any of the other members who participated in that debate?

The Prime Minister's answer was that he thought this was a question that he should not be expected to answer on the orders of the day. In the month of January there were thus two issues of this particular bulletin in which the same treatment had been given to speeches in this house, namely, copious extracts from the speeches of the Secretary of State for External Affairs but no mention of any of the other speeches made, although the remarks of the Secretary of State for External Affairs were made in the course of a debate in the house.

The issue of July 25 of the same publication apparently is running true to form, because we have copious extracts from the speech made by the Minister of Trade and Commerce this time—

An hon. Member: A good speech.

Mr. Fleming: —on pages 1, 2 and 6. Half the issue is given over to publishing, at public expense, extracts from the speech of the Minister of Trade and Commerce on the Conservative amendment to the last supply motion. That was a debate that extended over two days. I think hon. members will agree that it was an important debate on an important issue that was raised by an amendment introduced by the Leader of the Opposition, and in which what we consider to be an important statement of Conservative party policy was set forth. Yet this publication sees fit to devote half of this issue to extracts from the speech of the Minister of Trade and Commerce, but makes not the slightest reference to any speech made by any other hon. member in this house in an important debate.

Mr. Chairman, if this bulletin exists simply to act as a sort of mouthpiece or agency of propaganda for the government or for the minister who holds the portfolio of this department, I think it is high time that the publication was stopped. I do not consider it to be a proper application of public funds that this bulletin, at public expense, should exist for the apparent purpose of simply publicizing speeches made by members of the government in debates in this house, when apparently it lies completely outside the scope of this publication to refer to, let alone quote from, speeches made in the same debate by any other members of this house or, as in the last example I mentioned, even to refer to the amendment introduced by the Leader of the Opposition and which was being discussed by the Minister of Trade and Commerce when he made the remarks which are quoted in this issue and which occupy half of it.

Let me make my view as plain as I can put it, Mr. Chairman. If this is the purpose this bulletin is intended to serve, I think we should stop it at once. It is an improper use of public funds.

Mr. Pearson: Mr. Chairman, the purpose of this particular bulletin is to keep our offices abroad and other governments abroad informed of statements of government policy, so that our representatives abroad may know what government policy is in these matters. It may well be that speeches made by opposition members on these particular subjects are much more instructive and much more informative than are some of the speeches made by government members stating policy. But this airmail bulletin is for circulation abroad. It has a circulation in Canada to diplomats, representatives of foreign governments and members of parliament if they desire to have it. Every six months—I think I am correct in saying this and I am having it checked—we send out cards to those who are on the mailing list as M.P.'s, foreign representatives and libraries in Canada asking whether they wish to continue to receive this service, as a statement of Canadian policy for officers abroad. If they do not reply to the postcard they are stricken off the list. So I think, Mr. Chairman, there is no desire

on the part of myself or the department to use this bulletin for propaganda in Canada.

Mr. Fleming: I just wish to make this observation because I want to keep this discussion right on the point. I am aware of the fact that this bulletin goes abroad. I have been with some of the representatives of the department abroad when it has come into their hands, and certainly no fault would be found with the communication to officers of the department abroad, or diplomatic representatives of the country abroad, of information. It is necessary to keep them well posted on government policy. But it seems to me that if they are to be adequately posted on what is going on in this country, their source of information should not be confined, when it is a matter of extracting speeches made in the House of Commons, to statements made either by the Secretary of State for External Affairs or the Minister of Trade and Commerce.

Surely what is required on the part of these diplomatic representatives or officers abroad, thousands of miles from home and often out of touch with the details of what is going on here, is that they know something of the tenor of the discussion here and the various views that are expressed. A diplomatic representative abroad, let us say somebody 10,000 miles from home, reads this publication. What real information does he derive from this bulletin of July 25? Well, he knows that the Minister of Trade and Commerce has expressed these views before. Surely, it would be instructive to that diplomatic representative to know the nature of the debate in the House of Commons, and that it was not a one-sided debate with only one minister speaking. If it is information that is intended to be conveyed to these diplomatic representatives and officers abroad, then surely it ought to be adequate and well balanced information and not just these well-chosen extracts from ministers' speeches.

Mr. Pearson: I quite agree that our officers abroad should not be restricted to this kind of information, and they are not. This air mail bulletin goes out at once as a statement of government policy. We also send *Hansard* to all our officers abroad, as my hon. friend no doubt knows, and we send them other sources of information in respect to what goes on in this House of Commons, on both sides of the house. The air mail bulletin goes out immediately because very often a foreign government will see some statement of Canadian policy in the press and will ask the Canadian representative, "What does your minister say about this?" or, "What is government policy?" We try to get that air mail bulletin out to them for that purpose.

In so far as its domestic circulation is concerned, I think I should look into the possibility of cancelling that completely, if that meets the views of my hon. friend.

Mr. Fleming: That question arose once before. I remember being asked that question by the former deputy, and I said I would like to be continued on the mailing list because I should like to check up on the sort of thing the department was sending out. In view of the examples which have turned up here tonight I think it was a good thing I did, because I feel the Canadian public is entitled to know what use is being made of public funds in this respect. I doubt very much if the taxpayers of this country, who after all are footing the bill, are going to think that this is the way to keep their diplomatic representatives abroad fully posted on what is going on in Canada. Surely, some of the things that are said by members of the opposition in this house would contribute something to the information of officers abroad.

Mr. Nesbitt: I should like to ask the minister a question along the lines of the questions asked by the hon. member for Eglinton. Is this air mail bulletin the usual method of informing departmental officials abroad in our embassies and consulates as to government policy? I would rather have thought important questions of policy or changes of policy would have been sent by code or telex or something of that nature?

Mr. Pearson: Yes, of course, that is done. If there is an important statement of government policy in this house and it is of any possible interest to a foreign government, it is telegraphed to our representative in that country at once. Then the telegraphic summary is followed up by an air mail bulletin. Then if these statements were made in the house in a debate, the statements would be sent to the officers abroad in the form of a copy of *Hansard*, the weekly bulletin or external affairs monthly bulletin. I think it is true, therefore, to say that our officers abroad have fairly adequate information about what goes on on both sides of the house in respect to these matters.

Mr. Fleming: Only they receive the government statements by air mail and they have to wait until surface mail is delivered to learn the views of the opposition.

Mr. Hahn: This question of publicity was raised a year ago by the hon. member for Fraser Valley, and it has always interested

me. I have searched through *Hansard* of last year in order to get the answer, but I could not find it. I am wondering if the minister would give an answer now on the question of the circulation of mail similar to that which the Soviet has the privilege of doing through our postal facilities. I am wondering if we utilize a similar system in Russia to inform them about our democratic way of life so that they can become familiar with it, or are we not privileged to do that?

Mr. Pearson: Well, Mr. Chairman, we have not attempted to circulate in the Soviet union anything comparable to the bulletin that they circulate in this country. This is a free country and subject to the observance of the law, people, even diplomats from the Soviet countries, can use the mails for the circulation of their literature. In any event, this would be a rather expensive undertaking in the Soviet union. When we considered this sometime ago we felt that the expenditure would probably not be warranted, because we would have no assurance that anything we sent through the mail would ever reach the destination we had intended.

However, there has been an easing in that situation for the time being. My hon. friend may have noticed in the press that the United States is now beginning to circulate United States information in the Soviet union and this is something I think certainly we should reconsider. We are in the process of doing that. But in so far as Soviet embassy literature in this country is concerned, they have the same freedom as other embassies and legations to use the mails as long as they do not contravene the laws in doing so.

Mr. Hahn: I was not indicating, at least I hope the minister did not interpret my remarks as indicating, that I did not think they should have the same privileges as other Canadians in using the mails. I just wanted to find out if we had the same privilege in the Soviet union.

Mr. Nicholson: I am glad the minister mentioned the new policy of the United States, because I noticed in the Sunday New York *Times* some pictures of the first edition of this bulletin. Is the minister co-operating with Washington with a view to giving some publicity to Canada in this publication that is going to be circulated in the U.S.S.R.?

Mr. Pearson: If we do it I think we ought to do it as a strictly Canadian venture. I think it would be more effective, if we did it at all, to do it ourselves. It would also be more expensive.

Mr. Nesbitt: Did the Department of External Affairs have any official as an observer at the recent conference attended by the President of the United States at Panama?

Mr. Pearson: No, we had no observer at that conference. It was, as my hon. friend knows, a conference of representatives of the American republics. It lasted for a very short time and no substantial business was discussed. A declaration was signed by the presidents of the American states, but I think that was the only thing that was done there. We had no observer.

Mr. Nesbitt: When other conferences take place among the inter-American countries, such as the Pan-American conference of which we are not a member, do we normally have observers at those conferences?

Mr. Pearson: Yes, Mr. Chairman, it has been our practice. When there are inter-American conferences dealing with substantial matters, either political or economic, we usually have someone there to keep track of what is going on.

Mr. Nesbitt: Has the government considered any change of policy with respect to closer relationships between this country and the South American countries? I mean by that, of course, such as contemplating any entrance into the Pan-American union, or anything of that nature?

Mr. Pearson: There was a very interesting speech on that matter this afternoon by the hon. member for Roberval, in which he expressed the view that we should establish a closer association, possibly through membership in the organization of American states. We have not done so. The matter has been under consideration for a good many years. In the earlier days—and I am thinking now of the 1930's—our application for membership would not have been, I think, unanimously approved, but there is no difficulty of that kind now, I admit. Nevertheless we have not taken that particular step.

I would like to emphasize, however, that if we have not done so it is not, as I have sometimes read and heard stated, that we have been restrained from doing so by any influence outside of Canada. This is a decision we can make quite freely on our own. We have, however, as my hon. friend knows, increased our contact with the South American states in exchanging our diplomatic representation in that part of the world.

There are two or three South American states and three or four Central American states where we have not yet established diplomatic representation, but our relations

are growing in importance and in intimacy, and I think that is to be welcomed. I hope it will not be long before we have diplomatic contact with every one of the Latin American states. That, of course, will also result in extra expenses.

Mr. Nesbitt: Mr. Chairman, I am very delighted to hear all the information the minister has given us. It is certainly very enlightening, but I am not quite sure that the minister answered the question I asked. Is the government contemplating joining the Pan-American union?

Mr. Pearson: Not at the moment, Mr. Chairman. I do not think it would be true for me to say that there is any immediate likelihood of our going into the organization of American states, but it is something we should keep under consideration.

Mr. Patterson: Mr. Chairman, I wanted to ask a question in connection with the general policies of the government. I wanted to ask it, in fact, before we went on with the details, but possibly I can put it now. This afternoon I placed on record several statements attributed to the Secretary of State for External Affairs relative to views expressed in connection with world government and his attitude on these matters. I wonder whether he could just take a moment somehow to clarify some of these statements and let us know exactly where he stands in relationship to that question?

Mr. Pearson: Mr. Chairman, I am sorry that I omitted to deal with those references of my hon. friend; I do remember them. He has repeated the question, where do I stand on world government and national sovereignty? Mr. Chairman, I believe of course in national sovereignty in Canada and in other countries, because it is the expression of our political freedom. I think it is quite academic to talk about world government at this time. I am not going to say, and I have never said, that in the historical development of peoples and nations there may not come a time when the existing nation state will not be a big enough political unit to face the problems that will face humanity on this planet.

Having said that, I should go on to say that we are not likely to be faced with that contingency for a long time. My hon. friend quite rightly stresses the importance of national sovereignty, but he must also recall the importance that rightly attaches also to collective security and to collective pacts to protect our security. This has a relation to national sovereignty. When we join organizations like the North Atlantic Treaty Organization we voluntarily give up, of our own free will, some part of our sovereignty in the interest of our security. That is what our membership in the North Atlantic Treaty Organization means, and that is why it would be unwise, I think, to be too dogmatic about this matter.

I am quite satisfied, on the basis of my present knowledge, that a group of nation states each with national sovereignty can work together co-operatively in the North Atlantic Treaty Organization. There are some members of this organization—and I am sure the hon. member will approve of this—that are trying to work out special arrangements which will bring them closer together in a European system in which each one will give up some of its national sovereignty in the interest of European unity. That is a development which I, for one, welcome. I also recall, as an illustration of the danger of being dogmatic on these matters, a dark period in our history in 1940, when Mr. Churchill, always a fervent believer in British freedom and sovereignty, made an offer to France for complete political union, if that was necessary to win the war; an offer which was not, of course, accepted at that time.

Mr. Fleming: Was it not a union of their empires?

Item agreed to.

The Deputy Chairman: Item 616 is under the same heading. Shall it be carried now?

Mr. Fleming: Is it not usual to leave the supplementaries to the end?

The Deputy Chairman: If the committee wishes, the supplementaries can be left to the end. In some departments we are taking them under the heading as we come to them. The supplementary will be left.

95. Representation abroad—construction, acquisition or improvement of buildings, works, land, equipment and furnishings, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,987,207.

Mr. Fleming: Mr. Chairman, I should like to raise a matter on this item. This relates to representation abroad, construction, acquisition or improvement of buildings, works, land, equipment and furnishings, and so forth, a vote of approximately $2 million. The details, beginning on page 178, set forth the amounts to be expended on the various diplomatic missions abroad. I draw attention to this, Mr. Chairman, because I am going to make some comments on the subitem on page 179 relating to operational expenses and capital equipment for the post in Brazil.

I think the house every now and again should stop and look behind some of these large figures. It is altogether too easy, indeed deceptively easy, to take these large figures and not make a detailed examination of some of the expenditures that lie behind them.

Now, in connection with our post at Rio de Janeiro, I think the house ought to be aware of some of the information at least that was obtained by members of the committee at sessions of the external affairs committee by questioning officials of the department. In this regard, I think the house should be aware of the extent of the expenditure in acquisition of the embassy property at Rio de Janeiro, and also of the expenditures on the building.

It happens that the department had an option at one time to purchase for an embassy the residence of a Canadian living in Rio de Janeiro, Major MacCrimmon, a senior official of the Brazilian Traction Company for, I think, the amount of $80,000. That option, according to the wisdom of the department, was not exercised and over a period of several years the department showed interest in a property which eventually it purchased at a price of $350,000. The actual amount in Canadian funds was $341,700. That was only the purchase price of the building. The department then found it necessary to spend $25,000 in the renovation of that building. But that provided only an empty building, so the department incurred expenditures which will total $95,000 for furnishings. The aggregate of those figures is $470,000 for that one embassy and the furnishings.

Canada has now a good many of these embassies abroad, and I think hon. members will need to ask themselves whether this expenditure on this one embassy is justified under the circumstances. The expenditure has been incurred, and it is not a situation where the committee can undo what has been done, but this is the sort of information which I submit the committee should ponder well in approaching the proposed vote of $2 million for capital expenditures abroad for the housing of our diplomatic representatives.

Let me say at the outset that having seen a good many of our posts in different places abroad I am not disposed to be narrow or cheese-paring in my attitude toward the acquisition of properties abroad as embassies for our diplomatic representatives but—

Mr. Dickey: Why do it?

Mr. Fleming: If my hon. friend will keep his wisdom to himself I think we will make more progress. There is, however, a great difference between being reasonable in these matters, as I think most of us would wish to be, and approving extravagant expenditures. I should like to submit to the committee that in this expenditure of $470,000 to house one Canadian ambassador abroad we have a very striking example of extravagance.

We had comparisons in the committee with some other embassies abroad or posts of high commissioners. It seems to me that there is no reason why Rio should be regarded as a place where the expenditure of these amounts should be proper and be condoned, when in the capitals of other countries which are as important in the world family of nations as is Brazil the capital expenditures which are thought to be adequate are only a fraction of this sum. For instance, we were reminded that our property in Dublin for the high commissioner there is very modest by comparison. But I am not putting this simply on the basis of comparison with what exists in other capitals. I think the committee would wish to look at the intrinsic merits of this particular expenditure I have referred to, which totals $470,000. Let us see what was said by the officials of the department to justify this figure. Mr. Macdonnell representing the department was asked who made the decisions in regard to these matters, and he replied:

> The problem of selecting the right scale of furnishings is a difficult one which we face constantly. I do not believe that we are entirely our own masters in this field. Some regard has to be paid to local conditions, and to the type of establishments that other countries comparable to Canada maintain. Our scales of representation, of course, vary a good deal from one country to another. In some places they can be relatively modest, partly because of the customs of the country and partly because of the scale of prices when we come to buy land or property or to pay rent. It happens that in Brazil prices are high and the standards of representation are pretty high. I think perhaps the brief historical summary which I gave will indicate how long the department spent in exploring this situation before making any recommendations to the government. It was our view that this was about the best purchase that we were likely to be able to make for as far ahead as we could see. We spent five years, really, in looking for it. The house is a large one and the furnishings have to measure up to a certain standard.

In dealing with the standard, as I said, I am not one of those who would take a narrow or cheese-paring view, but—

An hon. Member: No, no.

Mr. Fleming: If hon. members do not wish to contribute to our progress with this, they can carry on as they are; or do they wish to obstruct?

Mr. Lesage: Blackmail.

Mr. Fleming: Is that what the hon. member is practising?

Mr. Lesage: No; you are.

Mr. Fleming: Because other countries may seek to start some sort of race in regard to embellishing their embassies in a particular country is no reason why Canada should seek to keep up with the Joneses in a situation like that. Let us look a little further at the furnishings.

An hon. Member: Ten o'clock.

Mr. Harris: I believe it was the general desire of all parties to do what we could to wind up the business if possible.

Mr. Churchill: Why did you have so many of your fellows speak?

Mr. Harris: Because we have not yet come to the point where we are so anxious to close up that we would bar all government members from speaking. If that is the only way that we can wind up parliament then we can discuss it on that basis. I do not know who called ten o'clock and I did not hear it myself, but would it not be possible to continue with this for some time in order to see what progress we could make?

Mr. Nicholson: There had been some hope that we could finish up by the 11th of this month, but that was based on the understanding that we would have to finish this today. As the hon. member for Winnipeg South Centre has said, five government members spoke today, several of them reading speeches which took quite a long time. There does not seem to be any chance of getting through now, and there is therefore no point in going on beyond ten o'clock tonight.

Mr. Harris: When we have arrived at ten o'clock with an item almost completed I think it could be said that by sitting a few minutes longer we might be able to complete it.

Mr. Fleming: We are not through with this item yet.

Mr. Harris: If there is any disposition to make suitable arrangements now so that parliament might be prorogued by the end of next week it would hardly seem possible to maintain the ten o'clock closing hour. Even if it was not certain that we could complete a particular item or a particular department I think the extra time could be put in so those who feel they have to speak in the interests of their constituencies would be able to do so. Perhaps we ought to take the extra time even if we realize that we would have to adjourn an hour later or something like that and still not have carried the item. We would have got behind us some of the discussion which would have to be dealt with anyway in order to ultimately carry the item.

Mr. Nicholson: There was general agreement that we would sit beyond ten o'clock, but we were not able to finish the first item until nearly nine o'clock this evening, and with that situation I think we might as well call it ten o'clock and then see what can be done from now on.

Item stands.

Progress reported.

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

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I wonder whether I might have leave to revert to motions in order to obtain first reading of the amendments to the Customs Tariff pursuant to the resolutions which were passed in May.

Mr. Deputy Speaker: Has the minister leave to revert to motions for this purpose?

Some hon. Members: Agreed.

CUSTOMS TARIFF

Mr. Harris moved for leave to introduce Bill No. 448, to amend the Customs Tariff.

Mr. Fleming: What is the reason for the long delay in submitting the bill after passing the resolution?

Mr. Harris: I was not satisfied with the wording of some items, and we took a good deal of time to get it to my satisfaction.

Mr. Fleming: Is there anything more than the wording? Are there any substantive changes?

Mr. Harris: Nothing other than the wording.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow I hope we can complete external affairs and go on with the other items that I mentioned for today.

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

ANSWER TO QUESTION

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

FEDERAL AID TO EDUCATION

Question No. 354—**Mr. Starr:**

1. Have any provinces requested federal aid for education purposes since 1946?
2. If so, which provinces and with what result?

Answer by: **Right Hon. L. S. St. Laurent (Prime Minister):**

1 and 2. Yes. At the conference of the federal and provincial governments, December 1950, the premier of Manitoba, Douglas Campbell, made a submission stating that the nature and the cost of education had reached the point where substantial contributions were required from the federal treasury. The proceedings of this conference were tabled in the House of Commons on January 29, 1951, and this submission is shown on page 39.

The government of Manitoba also requested some form of federal assistance to education in the speeech made by Premier Campbell at the October 3 meeting of the federal-provincial conference, 1955. The proceedings

Question

of this meeting were tabled in the House of Commons on January 11, 1956, and Premier Campbell's remarks are on page 66.

Also, in the conference of October, 1955, the premier of Prince Edward Island, A. W. Matheson, stated that education today should be no longer a matter of provincial concern and requested conditional grants for education. Premier Matheson's comments are shown on page 80 of the proceedings.

The governments of all provinces except Quebec have made specific requests for the continuation and increase of federal financial aid for technical and vocational training.

The assistance to provincial governments for vocational training has been continued.

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

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

92. Departmental administration, $4,379,430.
93. Passport office administration, $275,251.
94. Representation abroad—operational—including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salary rates of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff by the governor in council, $7,210,961.

HOUSE OF COMMONS

Thursday, August 2, 1956

The house met at eleven o'clock.

COMMONWEALTH OF NATIONS

ANNOUNCEMENT OF ROYAL ASSENT TO LEGISLATION CREATING BRITISH CARIBBEAN FEDERATION

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, today Her Majesty the Queen is giving royal assent to United Kingdom legislation enabling the creation of a British Caribbean federation. The federation will not legally come into being until a constitution is adopted and a governor general appointed. Nevertheless, the passage of the Caribbean federation bill is such an important milestone that in those colonies which will eventually comprise the federation, that is to say, Jamaica, Trinidad, the Leeward islands, the Windward islands and Barbados, today is being celebrated as Federation day.

I am sure all hon. members will wish to join with me in expressing, on behalf of the people of Canada, our gratification at the substantial achievement represented by the legislation which is being submitted for royal assent today, and our warmest wishes for the future of the federation.

Hon. George A. Drew (Leader of the Opposition): I know that every hon. member of this house, and I am sure every Canadian, welcomes this historic milestone. I think there is one reason why all of us must feel a sense of the historic significance of what is taking place, and that is the fact that it was from the area of the Caribbean that the first reported knowledge of the new world was brought back to Europe. Christopher Columbus discovered what became known as America first of all by a visit to the Caribbean. Therefore today we are seeing the fulfilment of a great historic event, and I know that every one of us here will wish to the new federation success, happiness, prosperity and a great future within the commonwealth of free nations which we all respect.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT EXTENDING PROVISIONS TO PERSONS ENGAGED IN FISHING

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act to authorize the unemployment insurance commission with the approval of the governor general in council to make regulations providing for the extension of the act to persons engaged in fishing notwithstanding that they are not employees of other persons, and for including as an employer of a fisherman any person with whom the fisherman enters into contractual or other commercial relationship in respect of his occupation as a fisherman, and also to modify the provisions relating to the requalification requirements for certain subsequent benefit periods and to adjust the duration of regular and seasonal benefits accordingly.

Motion agreed to.

PUBLIC SERVICE

INQUIRY AS TO FILLING OF VACANCY ON CIVIL SERVICE COMMISSION

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to address a question to the Prime Minister. In view of the report which I noticed in the press the other day to the effect that the civil service association has made representations to the Prime Minister for action in the filling of the vacancy on the civil service commission, will the Prime Minister say when he expects to make that appointment?

Right Hon. L. S. St. Laurent (Prime Minister): I hope it will be made very soon. We have had the matter under active consideration. As the hon. lady knows, there are a great many ladies who feel that they would be well qualified to occupy that position. It is a matter to which we have to give serious consideration, because it is never easy to make a proper selection as between so many qualified candidates.

Mrs. Fairclough: I am sure the Prime Minister is quite correct, but may I take it from his words that the appointment will be a woman?

Mr. St. Laurent (Quebec East): I sincerely hope so, and we have not been considering anything else.

TRADE

COTTON—STATEMENT ON UNITED STATES SUBSIDY ON EXPORTS

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, yesterday I took notice of a question by the hon. member for

Lambton West as to the action being taken by the Department of National Revenue in the light of the announcement of the United States government's policy of subsidizing exports of cotton. Section 6 of the Customs Tariff provides for the application of dumping duty on imported goods of a class or kind produced in Canada where the selling price to the purchaser in Canada is less than the fair market value as sold for home consumption in the country of export. On July 25 instructions were issued to all collectors of customs requiring them to alert their appraisers to the present situation and to require extra vigilance with respect to imports of these commodities. I shall now read the instructions and place them on the table. They are as follows:

Value for Duty Cotton Textiles

For some time, there has been a two-price system in the United States for raw cotton. Manufacturers in that country have been required to pay a price for their supplies of raw cotton that was approximately 6 cents per pound higher than the price at which similar cotton was sold for export.

Beginning August 1, 1956, United States exporters of yarns, fabrics and manufactured articles made from cotton will be eligible to claim an equalization payment from their government based upon the estimated amount of cotton used in the manufacture of the goods and the difference between the United States domestic price and the export price of raw cotton.

This arrangement could enable exporters to sell their products to Canada at prices below the fair market value obtaining on sales in their home market. It will, therefore, be necessary for appraisers to exercise extra vigilance. All entries of goods from the United States containing cotton are to be taken subject to amendment and careful attention is to be given to ensure that invoice descriptions are adequate and certified fair market values are in compliance with the law.

In respect to any importations where the appraiser considers investigation by the department is warranted, a copy of the invoice and, where possible, a sample of the goods are to be promptly forwarded to the department. Samples of fabrics should not be less than 12 square inches in area and should be large enough that the pattern may be identified. In each instance, where invoices are submitted, the importer should be advised that the value is being inquired into and amendment of the entry and any subsequent entries of similar goods may be required at a later date.

WATER RESOURCES

WATER LEVELS OF LAKE MICHIGAN

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Is the minister now prepared to answer the questions asked by the hon. member for Lambton West on Tuesday and Wednesday of this week with respect to diversion of the waters of lake Michigan?

[Mr. McCann.]

Hon. L. B. Pearson (Secretary of State for External Affairs): Yes, Mr. Speaker; I have the answer here in reply to both those questions.

A bill providing for temporary diversion of an additional 1,000 cubic feet per second of water from lake Michigan to the Illinois waterway for experimental purposes for the aid of navigation and for a period of three years was passed by the United States congress in Washington in the session which just recently ended. The President, however, according to our information, has not yet taken any action with regard to signing that bill or vetoing it.

By the definition in the boundary waters treaty of 1909, lake Michigan is not a boundary water. It does, however, come within the scope of the treaty because article II makes specific reference to "all waters which in their natural channel would flow across the boundary or into boundary waters", as is the case with lake Michigan. The interpretation of article II is a rather complicated matter and I think it would not be very useful for me to go into it now. It was, however, discussed at some length in the standing committee on external affairs in 1955. It appears that the proposed diversion of the waters of lake Michigan would not come under the jurisdiction of the international joint commission unless it was referred specifically to it.

The Canadian government expressed its views to the United States government on the proposed additional diversion in a note dated February 13, 1956, which was tabled in the house on March 8. In this note Canada took the attitude that the enactment of the proposed legislation would be prejudicial to the navigation and power interests of both countries. By doing so we have already expressed our concern with regard to it.

In so far as the other question was concerned regarding the Long Lac-Ogoki diversion, I should point out that Canada consulted the United States concerning this diversion into lake Superior, because the effect of this diversion was to increase the total amount of water at Niagara, and Canada wished to receive due credit for that increase in the arrangements for the division of water at Niagara for power purposes. This being a diversion into boundary waters and not out of boundary waters, it did not require agreement between the two countries under the boundary waters treaty, though a special agreement was reached and embodied in the Niagara treaty of 1950.

IMMIGRATION

REPORTED TOUR BY COMMITTEE SURVEYING CANADIAN NEEDS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, press dispatches recently have reported a tour by a committee surveying immigration needs in Canada. I should like to ask the Minister of Citizenship and Immigration whether this is a new committee or whether it is just the annual survey of employment opportunities for immigrants being made by his department. In either event, can he say whether that survey has yet reached British Columbia and, if so, whether any action is being taken to meet the acute shortage of farm labour out there, about which he knows?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, from the rather vague description which the hon. gentleman gives I cannot identify what it is he is talking about. However, I will see my deputy minister shortly and see whether he can throw any light on the matter.

Mr. Fulton: Perhaps the minister would refer to his colleague the Minister of Trade and Commerce, because the press dispatch is datelined Fort William, and it says the committee was in Fort William and was having interviews in that city.

Mr. Pickersgill: I do not doubt that it was.

TRANSPORT

BRITISH COLUMBIA—ALLEGED SHORTAGE OF BOX CARS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct to the Minister of Transport this question which will create a record that will never be equalled again in this parliament. Has the minister received any complaints with respect to the shortage of box cars for fertilizer and lumber in British Columbia?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, that question may be answered in the negative.

EXTERNAL AFFAIRS

EGYPT—INQUIRY AS TO CANADIAN CITIZENS IN COUNTRY

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Can the minister tell us whether or not there are any—whether few or many—Canadian citizens in Egypt at the present time?

Inquiries of the Ministry

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I cannot tell the hon. member the number. However, we are taking steps to inquire of our embassy how many Canadians have registered there. I hope this reply will not be taken as indicating that there is any special crisis or emergency in Egypt with respect to Canadians at the present time.

Mr. Nesbitt: May I ask a supplementary question. In view of the fact that this morning's news report over the Canadian broadcasting system pointed out the British government had warned its nationals to leave Egypt, I was wondering if any similar action was being contemplated by our department.

Mr. Pearson: We have had no official confirmation that a warning of that kind has been given by the United Kingdom government. We have also made inquiries about that.

DEFENCE PRODUCTION

INQUIRY AS TO BASIS OF SALE OF MACHINERY TO AVRO AND ORENDA

On the orders of the day:

Mr. John B. Hamilton (York West): I should like to direct a question to the Minister of Defence Production. What was the basis for the price paid by Avro and Orenda for the crown-owned machinery and equipment sold to them, as announced yesterday? Was it fair market value or depreciated value, and was any consideration given to the company for the undertaking to maintain these facilities for aircraft and engine production for 10 years with a prior right of user for the crown?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the basis of the sale was the cost of the machinery less straight line depreciation at economic rates usually provided for. There was no special compensation for the undertaking to maintain the machinery for 10 years. We do not sell machinery of that kind unless we get the undertaking to maintain it for 10 years.

Mr. Donald M. Fleming (Eglinton): Is the minister in a position to table a copy of that agreement?

Mr. Howe (Port Arthur): I do not think there is any agreement. A price was quoted and accepted. I doubt if there is any agreement, but if there is one I shall be glad to table it.

Inquiries of the Ministry

CANADIAN NATIONAL RAILWAYS

CLEANING OF CARS—INQUIRY AS TO HAVING WORK DONE BY TENDER

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to direct a question to the Minister of Transport. Is it the intention of the Canadian National Railways to let by tender the cleaning of passenger cars in each of the cities where that type of work is done, instead of having it done by the regular employees of the Canadian National Railways?

Hon. George C. Marler (Minister of Transport): If the hon. gentleman would care to put that question on the order paper I will endeavour to obtain an answer from the Canadian National Railways.

NATIONAL DEFENCE

STATEMENT ON SHOOTING OF CANADIAN SEAMAN AT HAWAII

On the orders of the day:

Mr. Paul Hellyer (Parliamentary Assistant to the Minister of National Defence): On July 24, Mr. Speaker, the hon. member for Comox-Alberni asked a question concerning a shooting incident which occurred recently in Hawaii. The commanding officer of H.M.C.S. *Crescent* reports that able seaman I. W. Thompson was shot and seriously injured by a United States marine corps private in civilian clothes, who was attempting to rob him during a car ride that this Canadian seaman had accepted from Honolulu to Pearl Harbor.

The bullet lodged close to Thompson's spine, resulting in partial paralysis of the lower limbs; but medical authorities at Tripler hospital, where he is under treatment, consider this a temporary condition and there is every hope that he will make a complete recovery. Criminal charges are being prepared against his assailant by the United States police authorities in Honolulu. I might add that seaman Thompson's interests are being looked after by the British consul in Hawaii.

WINNIPEG—ALLEGED LOW FLYING OF R.C.A.F. PLANES

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, may I direct a question to the parliamentary assistant to the Minister of National Defence, and ask him whether he has yet received a report concerning the alleged low flying of R.C.A.F. planes over the cities of Winnipeg and St. James? This has become a weekly question that I put to the department.

[Mr. Howe (Port Arthur).]

Mr. Paul Hellyer (Parliamentary Assistant to the Minister of National Defence): I have not yet received the report, Mr. Speaker, but I shall make inquiries and try to have an answer for the hon. gentleman within a day or two.

Mr. Churchill: That is what the minister said last week.

PARLIAMENT HILL

PARKING ARRANGEMENTS IN LIBRARY AREA

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Minister of Public Works. Is the minister aware that the height of the weeds in the jungle which his department is cultivating to the north of the parliament buildings has now reached about three feet, and they are doing nicely?

Hon. Robert H. Winters (Minister of Public Works): I wish to thank the hon. member for the information on the subject.

POWER

PASSAMAQUODDY PROJECT—STATEMENT ON PROGRESS OF DEVELOPMENT SURVEY

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Yesterday the hon. member for Charlotte asked me, as he has asked me previously, whether I could report on the proposed reference to the international joint commission concerning the Passamaquoddy tidal power project. I can now announce, Mr. Speaker, that the governments of Canada and the United States have agreed upon the text of a joint reference to the commission on this subject. The reference was delivered to the commission this morning in Ottawa.

Hon. members will recall that in 1948 a joint reference was submitted to the commission by Canada and the United States for the purpose of carrying out a preliminary investigation to ascertain the scope and probable cost of a full scale investigation of the Passamaquoddy tidal power project. Based upon the report submitted by the commission in 1950, the governments of Canada and the United States have agreed, as previously announced in this house, to submit a reference on this matter. The terms of that reference are being made public this morning in Washington and in Ottawa.

Mr. A. J. Brooks (Royal): Mr. Speaker, I should like to ask a supplementary question of the Secretary of State for External Affairs with reference to the statement he has made. Has the agreement that has been reached by

the United States and Canada in this connection been based on a memorandum sent to the United States on April 5, 1956, in which Canada said that she would bear no part of the cost of the investigation outside of that connected with the fisheries, and also that in joining in the reference to the international joint commission the Canadian government would make no commitment regarding the eventual construction of this project?

Mr. Pearson: Mr. Speaker, I have not the text of the reference, which is of considerable length. My hon. friend will be able to read it, because it is being made public. However, it does provide for a division of the cost and on our side we have set a limit to what we think should be our proportion. I am not aware at the moment of the latter condition which the hon. member mentioned, but I will see that he gets a copy of the reference this morning.

Mr. Brooks: I have here a copy of the recommendation the department made, which indicates that Canada would bear $300,000 of the cost and the United States would bear $3 million, and that Canada would in no way be obligated to help with the project even though it was found feasible.

Mr. Pearson: I am not sure whether those conditions are repeated in those terms in the reference, but I will be glad to look into that right away.

HEALTH AND WELFARE

FISHER RIVER RESERVE HOSPITAL—STATEMENT ON QUALITY OF TREATMENT

On the orders of the day:

Mr. F. G. Robertson (Parliamentary Assistant to the Minister of National Health and Welfare): Mr. Speaker, on July 31 the hon. member for Selkirk asked the following question:

> When Peter Thom, treaty Indian, was admitted to Fisher River reserve hospital, was a third-year medical student the only person available to treat him?

This Indian was admitted to the Altona, Manitoba, hospital on July 1 following injuries he had received across the border. At the request of the doctor in charge at Altona he was transferred by ambulance to St. Boniface hospital the same day. He was treated there for dislocation of both hips and placed in a plaster cast. His condition improved, and on July 13 St. Boniface hospital authorities asked the regional office of the Indian health services if he could be transferred to an Indian hospital. A bed was available in the Fisher River Indian hospital and he was transferred that day to this hospital.

The doctor in charge at the Fisher River hospital had resigned and his replacement had not yet arrived, and his assistant, a third-year medical student employed for the summer, was at the hospital. This medical student had instructions to call a practising physician 20 miles distant for assistance at any time, and it was this physician who was the designated physician in charge at the hospital and available when required.

Mr. William Bryce (Selkirk): May I ask a supplementary question. Why was this treaty Indian, Peter Thom, moved to Fisher River hospital when no doctor was due there for three or four days? I should like to know this, also. At the inquest was it established whether the Indian, Peter Thom, was run over intentionally or accidentally?

Mr. Robertson: Mr. Speaker, I presume the authorities at St. Boniface hospital felt that this man was in a suitable physical condition for transfer to the Fisher River hospital. As to the latter part of the question, I do not believe that that feature of the case comes under the jurisdiction of the Indian health services, but I understand that a further investigation is being carried out by the Department of Citizenship and Immigration.

Mr. Bryce: May I ask the Minister of Citizenship and Immigration whether he will look into it? The man died in this hospital.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I have looked into the matter. The regional supervisor in Manitoba drew this case to the attention of the attorney general of Manitoba and the Royal Canadian Mounted Police have investigated it; but since this accident or crime, or whatever it may have been, took place in the United States, in the state of North Dakota, the only thing the attorney general was able to do was to draw the proceedings at the inquest to the attention of the state authorities in North Dakota. I am informed that is being done and that the police are keeping their file open.

Of course, it is not the duty of my department, or indeed of the federal government, to enforce the law in the province of Manitoba, and much less in the state of North Dakota; but because this man was an Indian we did follow the matter up with the appropriate provincial authorities.

PIPE LINES

TRANS-CANADA PIPE LINES—INQUIRY AS TO AVAILABILITY OF PIPE

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, has the Minister of Trade and Commerce any information as to

when shipments to Canada of 34-inch pipe for the trans-Canada pipe line will be resumed?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the shipments of 34-inch pipe have been coming in regularly, and as far as I know they are still coming in regularly. I do not think I have any information I can give my hon. friend. I could point out that the building of the pipe line is a private transaction. We like to keep posted on its progress, but we do not feel obliged to give day to day bulletins concerning it.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

95. Representation abroad—construction, acquisition or improvement of buildings, works, land, equipment and furnishings, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,987,207.

Mr. Fleming: Mr. Chairman, last night I had been engaged in bringing to the attention of the committee the facts concerning the purchase by the Canadian government of a residence for a Canadian embassy at Rio de Janeiro, the capital of Brazil. I had pointed out that the house was purchased at a price of $350,000. The renovations cost $25,000 and the furnishings when complete will, according to the department's estimate, cost a total of $95,000 making a grand total for the building, renovations and furnishings of $470,000.

I said to the committee last night that I looked on this as an example of prime extravagance. Sir, what is it that has led the department to spend so much money on this one embassy abroad? I think the department sought to plead as extenuating circumstances the statement which I read last night from the proceedings of the committee on external affairs at page 390, that at Rio—

. . . the standards of representation are pretty high.

That was the statement of Mr. Macdonnell, the deputy under-secretary of state for external affairs in relation to the level at which other countries are apparently embellishing their embassies in that beautiful city. I submit to the committee, Mr. Chairman, that the taxpayers of this country should receive more consideration than they have been given in connection with this particular expenditure. Canada in its representation abroad, it seems to me, should see that its representatives are adequately accommodated, but there is no occasion for Canada to engage in any contest with other countries to keep up with the Joneses, or to compete with them in the luxury attached to the accommodation provided for their diplomatic representatives abroad.

An expenditure of $470,000 on this one embassy is, in my submission, an example of inexcusable extravagance. Rio de Janeiro is, of course, an important capital, but the post there is not regarded as a senior Canadian ambassadorial appointment. It does not rank in priority within the department with London, Washington, and Paris, and it is not the place, I submit, to engage in this race to keep up with the Joneses.

Now let us look a little further into what extravagance of this kind means. I have referred to the fact that at one time the department was considering the purchase of the residence of Major MacCrimmon, a Canadian and a senior official of the Brazilian Traction Company in Rio, at a reported price of $80,000.

Mr. Pearson: That is quite a wrong figure.

Mr. Fleming: I said that was reported.

Mr. Pearson: It is a wrong report.

Mr. Fleming: I should be glad to have the minister's correction of that report, but that was a property in which the department was interested at one time. But it turned from that to a much more expensive property.

As I said, let us look a little further at what these furnishings mean, and let us consider that in terms of the interests of the Canadian taxpayer. The department furnished for the committee a breakdown of the principal expenditures on furnishings at this embassy. That is to be found on pages 441 and 442 of the proceedings of the committee on external affairs. The expenditures are listed by rooms:

Main salon No. 3		
Furniture	$4,079.02	
Rugs	1,575.00	
Drapes	487.48	
Chandelier and lamps	1,738.35	
Piano	2,405.50	
		$10,285.35
Salon No. 2		
Furniture	$4,937.98	
Rug	1,386.00	
Drapes	387.86	
Chandelier and lamps	1,296.00	
		$8,007.84
Dining room No. 4		
Furniture	$7,749.00	
Rug	1,386.00	
Drapes	375.03	
Chandelier and lamps	1,185.50	
		$11,395.53

The list extends down through the library to the bedrooms:

Bedroom No. 21		
Furniture	$3,117.60	
Rug	472.60	
Drapes and bedspread	281.12	
Lamps	441.90	
		$4,313.12
Bedroom No. 22		
Furniture	$3,123.00	
Rug	472.50	
Drapes and bedspread	355.60	
Lamps	301.50	
		$4,250.60

I shall not delay the house with details of some of these other rooms. In bedroom No. 18 the furnishings cost in the aggregate $3,191.92. For bedroom No. 16 the total is $2,500. For the hallways, the furniture, rugs and lamps cost $3,223. For the terrace off the library the furnishings cost $1,392; those for the terrace off the dining room, $1,816; those for the swimming pool gallery, $1,898. Then there are miscellaneous furnishings; silver flatware and hollowware, $4,400; china, $648; formal and informal table linen, $2,305; and so it goes.

Mr. Pickersgill: What did they pay for the flag?

Mr. Fleming: The Minister of Citizenship and Immigration regards extravagance as a very light matter. In this he is far out of contact with the experience of the average Canadian taxpayer. The exemptions allowed to Canadian taxpayers are quite inadequate; and if the minister would exercise his ingenuity to eliminate extravagance it might be possible for the Minister of Finance—I think it is possible now—but it might bring the Minister of Finance to make these exemptions adequate, to raise them beyond the present inadequate figures of $1,000 for single persons and $2,000 for married persons without dependents.

There was a point raised about mirrors, and the question was asked in the committee about the price of two eighteenth century mirrors, that were purchased for the embassy. The first information we had from the department is shown at page 390 of the report, where the official said:

> I am told that it was approximately $2,000 for those mirrors.

Later on the price of the mirrors was inquired into further by the department and the answer was brought back to the committee at page 433 that the two mirrors did not cost $2,000 but cost $1,078.

I have read these details to bring to the attention of the house the rather impressive items which lurk behind some of the big figures that appear in these estimates. It seems to me that we are too disposed in this committee to take these items in the aggregate without going back into the details behind them. When we go back into the details, this is the sort of thing that unfortunately we find there.

As I said last night, we cannot now undo this extravagance. This expenditure has been incurred, but I bring it to the attention of the house in order that the house may warn the government and the Department of External Affairs that it does not intend to tolerate extravagance on this scale in the future.

There is, however, one thing we can do in reference to this year's estimates in this respect. We are dealing with item No. 95, which provides approximately $2,000,000 for construction, acquisition or improvement of buildings, works, land, equipment and furnishings. In this item, as we see in the details at page 178 and following, there are specific amounts set out for capital as well as operational expenditures at various embassies and diplomatic posts abroad. There is one subitem at the end, at the bottom of page 183, to which I invite the attention of the house. After listing in detail the proposed expenditures on operations of a capital nature at all these posts abroad, there is one item headed "Miscellaneous—unallotted capital items"—$805,000.

The facts I have brought to the attention of the house in connection with the embassy at Rio ought to alert the house to the necessity of exercising as much supervision over proposed expenditures by this department in this respect as may be possible, but here we are told that there is in this item a sum of $805,000 that has no tag whatever attached to it and which, if it is passed, the department is at complete liberty to expend in the purchase or improvement of any property or the purchase of furnishings anywhere in the world. There are no strings attached to it.

I submit to this house, as I submitted to the standing committee on external affairs, that this is not the way in which the House of Commons ought to do its business. One of our duties here is to assert the principle of strict parliamentary control over expenditures, and here we are told, on the face of these estimates, that there is a sum of $805,000 that is not earmarked for any place in the world and which can be used for the purpose of a capital outlay by the department anywhere in the whole globe.

I submit that is not a proper way for the House of Commons to deal with proposed expenditure. I moved in the committee that the subitem should be stricken out, because while we are quite prepared to deal on its

merits with any proposed expenditure for which a case is made out, nevertheless we do not believe in just providing money loosely after this fashion for the government to use in any way it sees fit. I am glad to say that in the committee my amendment came very close to passing. It was defeated by a vote of only nine to six. It was supported by all Conservative and C.C.F. members of the committee although, of course, it was opposed by the Liberal members, and they were supported by the Social Credit member on that committee.

Mr. Chairman, I am going to renew that motion now, and I hope that what I have said about the extravagance in connection with the purchase of the embassy at Rio and its furnishings will alert the house to the danger of placing large sums of money like this at the disposal of the department without any strings attached to them. It is difficult enough in the case of these expenditures that are made abroad, where it is only very rarely that a member of the committee or a member of the house has an opportunity of seeing with his own eyes the results, without placing a sum of nearly $1 million at the disposal of the department without any strings attached to it save that it must be expended abroad on capital account for buildings or furnishings.

The excuse given by the department is that they may have the opportunity of making a good buy somewhere, that there are capitals in the world where the department wishes to acquire property for the housing of its diplomatic representatives and if opportunities present themselves they should be in a position to take advantage of them. I think that is a very dangerous doctrine to follow. That doctrine, if followed, could result in a very serious weakening of parliamentary control over expenditures. We are sitting here now seven months a year, or perhaps even more, and we have estimates and supplementary estimates introduced about four times a year. I cannot see that any lengthy period is ever likely to elapse before parliament would be in a position to deal with any opportunity that is offered.

The principle of parliamentary control over public expenditure is a very important principle and we should not be parties to weakening it. Therefore, Mr. Chairman, I move:

That item 95 of the estimates of the Department of External Affairs be reduced by the sum of $805,000 by elimination of the "unallotted capital items" on page 183.

Mr. Pearson: Mr. Chairman, this matter was, of course, discussed in detail in the committee on external affairs, and I am glad it was. The hon. member has also discussed it in detail last night and this morning, and I certainly have no quarrel with that because I am just as interested in the avoidance of extravagance in the expenditure of Canadian funds as he is. The hon. member knows, of course, because he has been a guest and I am sure a very welcome guest at a good many of our missions abroad, that an embassy or a legation is not a private residence. It is the official residence of the representative of Canada, and when we buy property naturally we try to keep that in mind. It is Canada in that particular foreign capital and we want that property, that residence, to be suitable. We also want it to be permanent. In the case of Rio, for instance, we hope that this embassy will be the official centre of Canada in Brazil for 50, 75 or maybe 100 years, and so we purchase for a long time.

In purchasing we look for something suitable, a house for the job and not for any particular person. That means that an embassy, which is not a private residence, has to have accommodation for official receptions, official dinners and all those things which are an important part of diplomatic activities especially, if I may so, in a South American state. There is nothing in our mind—and I mention this because the hon. member referred to it two or three times—of keeping up with the Joneses. That does not seem to me to be a very pertinent observation in any event, because whether one wants to keep up with the Joneses in any activity would depend very largely on where the Joneses are and where they are going. Very often we should be well behind the Joneses and possibly at times we should be well ahead of them.

So far as Rio is concerned, in this capital we are not concerned with aping the customs and the habits of the diplomatic representation of any other country. We do what we think is right for Canada. If we had wished to keep up with the Joneses in Rio, some of the Joneses have spent between a million and a million and a half dollars on their embassies in that capital. We buy buildings when we are able to buy them with economy as well as efficiency, and with representational propriety in mind. So far as Rio is concerned, it is a great metropolitan capital of an important South American state, the South American state with which we in Canada probably have our most important commercial and political relationships, and I say that without implying any reflection upon our relations with any other South American state. But it is possibly true that our commercial contacts with Rio are more important than those with any other South American country.

It is also true that Rio is one of the most expensive capitals in the world, and that has a bearing on the purchase of property there. In other places where it is not so expensive we get property much more cheaply, and that does not mean that we attach less importance to our representation in those capitals or more importance to our representation in Rio. It just happens that in those capitals, some of which are comparable to Ottawa in real estate and residential values, we are able to purchase residences for our representatives at $42,000 in one place, $85,000 in another, $44,000 in another, $56,000 in another and $73,000 in another. Those residences for those sums of money are suitable for Canadian representation there and we do not pay any more if we do not have to.

As for Rio, there is obviously an advantage in trying to buy property there rather than renting, if we can do so. We have been renting a property in Rio for 14 years, and if my hon. friend could see some of the rental figures and compare them with rental figures in Rio generally he would realize that this is not an economic or effective way of doing business there. During that time we have turned down places for purchasing because they were too expensive, and we have been offered residences there which were less expensive but which were entirely unsuitable.

My hon. friend referred to the fact that we had an option to purchase Mr. MacCrimmon's residence there at $80,000. The fact of that particular matter is that two or three years ago we offered the owner of this house $190,000 for that residence and were turned down. We made that offer even though our ambassador on the spot said that in his opinion it was not suitable for a Canadian embassy in Rio. However, after further investigation we thought it was suitable and we offered $190,000 and were refused. Meanwhile we were paying a very high rental. In this last year we were told that we would have to vacate the house we were renting at a figure of something over $2,000 a month, and the owner of a very good residential property in Rio came back to us with an offer which was about $250,000 less than he had made to us a few years before.

Having regard to all the circumstances and after an independent valuation by, I think, three real estate dealers, and as the alternative was renting another house at a figure comparable with the rental we were paying, we decided this was a satisfactory purchase. If we had rented another house we would have had to pay a rental which included all the taxes on the property and other charges. When we purchase diplomatic property we get diplomatic exemption from these taxes and these charges, and that fact normally makes it desirable to buy. The furnishings of the embassy have been gone into in detail. This house was not furnished by the man who happened to be ambassador at the time. It was done by somebody brought from Canada, an independent interior decorator.

More important, possibly, is the question which is the subject of this amendment, that we should not have in our estimates a sum of money—the figure is $800,000—for the purchase of properties abroad without specifying how much we want for each property in each country. We would be limited in this way to the purchase of properties within that amount in any country.

I submit that this would be an uneconomic procedure, and I make that suggestion for two reasons. One is that we in this department are still in a period of expansion. I hope we are reaching the limit of our expansion, though we are continually approached by other governments and indeed we receive suggestions in this house that we should expand our diplomatic representation. When the period of expansion is over we will have satisfied our residential property requirements and we will not need more houses for that purpose. But we need them now. We need to have accommodation in five or six capitals, and we may need more if we have to open more offices.

There are times during the course of the year when we are offered property which is satisfactory and economic for the job to be done. Sometimes those offers are kept open only for a few weeks, because in some of these capitals it is extremely difficult indeed to get property. If we had to specify our purchases in advance, one of two things would happen. We would only put in the amount we were absolutely certain of spending because we had agreed on valuations for properties which we know we would need during the course of the year. Or we would put in for each capital where we needed property an estimated amount, and at the end of the year we might find that as offers had not been forthcoming at prices we could pay we would have been able to spend only one-third or one-fourth of that amount. Hence we would have either inflated estimates on the one hand or we would have to miss economic opportunities to purchase on the other.

That is why we in our department have considered it good business to put in this lump sum, so we can take advantage of opportunities during the year when we know there are certain places where we want to buy property if we can get suitable property.

It is not correct, Mr. Chairman, to say there are no strings attached to this amount.

Whenever a suitable property is available and it is felt by the department to be suitable on representational as well as business grounds, treasury board has to agree to purchase after a very careful examination and valuation of the property. Of course we in the department cannot spend any of these sums of money without treasury board approval and without an exhaustive survey by the board. It is therefore my opinion that this amendment, far from leading to economy, might have the effect either of the inflation of our estimates to take advantage of any opportunities that might arise, or might lead in the other direction, namely that of extravagance; because we might not be able to take advantage of good offers during the year. With property values going up in these capitals, in common with property values in Ottawa, if we did not have the money to buy a property on the spot, next year we might have to pay 50 per cent more for something else.

Mr. Nesbitt: Mr. Chairman, there is one question I should like to ask the minister, in view of his statement, and it is this. When the national gallery purchased some pictures which cost a great deal of money—I believe about $800,000—from the Prince of Liechtenstein last year, they did not have the money on hand with which to do it. However, the deal was made and then the sum was put in the supplementary estimates. That seemed to be the policy of the Department of Citizenship and Immigration, or rather the policy of the minister under whose jurisdiction the national gallery comes. What would be the objection to using that same method in the Department of External Affairs?

Mr. Pearson: There would be no objection, Mr. Chairman, if it could be done in connection with property purchases. But our experience has been that the owners of property that we consider suitable to purchase are not willing to hold the property for us until we can get an estimate passed by parliament at the next session. We feel that if it were not done in the way in which we are proposing to have it done, we would lose these properties.

We have taken this matter up with treasury board in order to see whether there is some way in which we could work out interim financing, so we would be able to have the exact amount later in the estimates to confirm the interim financing. We are still discussing the matter with them, but so far treasury board has not come up with any solution which appears to be any more effective or economical than the one we are proposing.

[Mr. Pearson.]

The Chairman: Is the committee ready for the question?

Mr. Hamilton (York West): In his remarks the minister indicated that furnishings for residences of this kind were recommended or purchased through an independent interior decorator who, I assume, is taken down for that purpose. What is the basis of compensation for such a man? Is it a percentage basis, or does he get a fixed fee?

Mr. Pearson: When we ask an interior decorator or someone with those qualifications to advise us on a matter of this kind we normally pay his travelling expenses to the foreign country and a fee for the services performed.

Mr. Hamilton (York West): Then the fee is not tied in any way to the amount of money that is spent in the purchase of the equipment?

Mr. Pearson: No. I am informed that the fee is not related in any way to the value of the property or the value of the furnishings purchased.

Mr. Fleming: May I ask the minister this question. What was the fee paid to this gentleman, and what was the amount of his travelling expenses?

Mr. Pearson: In the case to which the hon. member refers, the interior decorator was willing to give us his services and his advice on this matter for travelling expenses only.

Mr. Fleming: What were they? Can the minister give us the amount?

Mr. Pearson: I have not that amount with me, but I shall be glad to find out, Mr. Chairman, and give it to my hon. friend.

Mr. Fleming: Is it concluded in this particular figure, or does it come under another item in the estimates?

Mr. Pearson: I think it is under another item. We are looking it up. I shall give it to my hon. friend just as soon as I can get it.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

The Chairman: The question is on the amendment of Mr. Fleming.

Amendment (Mr. Fleming) negatived: Yeas, 20; nays, 66.

The Chairman: I declare the amendment lost. Shall the item carry?

Mr. Hees: No, Mr. Chairman. This is perhaps not the item under which this matter should be brought up, but I do not

think there is such an item, so I will bring it up here. I know it is an item in which the minister is interested. I just received a telegram from Mr. Milan Babic of Toronto, and perhaps I should read it. It is addressed to me and reads:

> Reason no protest my solicitor Louis Herman just arrived Toronto from Mexico. As per news story detained over 20 hours after being taken out of steamship pier by back door and apparently listed as missing. Friends unable to ascertain my whereabouts and when I requested permission to communicate with Canadian consul I was told by officer consul's office closed and could not be contacted. Strongly protest gestapolike treatment without slightest justification.
>
> (sgd.) Milan Babic.

The Chairman: May I remind the hon. member that we are discussing an item in connection with the construction, acquisition or improvement of buildings. I do not see how this matter can be taken up under such an item.

Mr. Hees: I asked permission to bring it up. I am speaking very briefly.

The Chairman: Has the hon. member unanimous consent to speak on this item?

Some hon. Members: No.

The Chairman: Shall item 95 carry?

Mr. Hees: On a question of privilege, Mr. Chairman; if the Liberal members of the house are not interested in the trials and tribulations of Canadian citizens, then—

Some hon. Members: Order.

Mr. Hees: —then those citizens know where they stand with those Liberal members.

Mr. St. Laurent (Quebec East): The members on this side of the house are interested in the proper administration of the Department of External Affairs, and they do not think that administration should be guided, to the extent to which the hon. member himself feels it should be guided, by him.

Mr. Hees: I understood, Mr. Chairman, the minister said he was interested in receiving a communication from this man. Here is the communication—

Some hon. Members: Order. Sit down.

Mr. Hees: —and I should like to know what the minister proposes to do about it.

The Chairman: May I point out to the hon. member that there are proper times for bringing up these matters, but under this item a matter of this kind could not possibly be brought up.

Mr. Nesbitt: On page 179 of the estimates there is an item for diplomatic missions abroad. One of those items is for China, Nanking, and it is for $6,305. Then on page 183 there is an item for Shanghai, China, $2,625. I inquired about these items when we were in committee and was told they were for maintenance. What I should like to know is why, if these are maintenance expenses, it requires $6,000 to maintain whatever buildings there are in Nanking and $2,600 to maintain the office in Shanghai. Are those the expenses of a caretaker or two caretakers, or exactly what is involved?

In addition, I should like to know whether or not we have any buildings or a place of representation in Formosa?

Mr. Pearson: In so far as the Nanking expenditure is concerned, Mr. Chairman, we still own property in Nanking where our embassy, as my hon. friend knows, was situated before the communists took over. That property has not been interfered with. It is in charge of a housekeeper and a part-time gardener, and this $6,000 is the expense of keeping the property in shape and looking after it during the period the communist Chinese government is in charge of China. We are not permitted to inspect the premises ourselves.

Mr. Nesbitt: Perhaps the minister could tell us who makes these arrangements. Is it the British embassy there?

Mr. Pearson: Yes. When we have to have contact with the government in Peking we make it through the British government representative in Peking.

Mr. Nesbitt: The other question I asked was, do we have any buildings or offices of any sort in Formosa?

Mr. Pearson: I am informed that the Shanghai charge is related to the fact we had a consul in Shanghai before the Chinese communists took over. This charge is to pay for the storage and maintenance of our office equipment there. We operate through the British consul in this matter.

Mr. Nesbitt: I have asked the minister twice now if we had any office or building of any sort for representation in Formosa?

Mr. Pearson: No, Mr. Chairman, we have no representation in Formosa. Our diplomatic contacts when required in Formosa, as in other cases where we are not represented, are maintained through the British representative there.

Item agreed to.

96. To provide for official hospitality, $30,000.

Mr. Diefenbaker: Realizing the difficulties that are inherent in the present dispersal of this department amongst several buildings and the resultant difficulty of providing for

official hospitality, would the minister care to say whether or not consideration has been given to bringing external affairs into one central location, and to the establishment of a foreign office? I mention that because as the situation is today I realize that entertainment is done either at the Chateau, at other hotels or at one of the clubs, and I should like to know what consideration has been given to the establishment of a foreign office in Ottawa?

Mr. Pearson: A good deal of consideration has been given to it by our department in consultation with the Department of Public Works. It is true that external affairs employees are scattered, but that is true also of other departments in the government, where the situation is probably worse in that respect than it is with us. So we have taken our place on the list of priorities. We are not at the top, but in due course we hope there will be a separate building in Ottawa as a foreign office where all the employees of the department can be working under one roof and where provision can be made for the kind of activity which my hon. friend has mentioned.

Mr. Diefenbaker: Would the minister say whether or not any plans have been drawn in connection therewith, and the general idea and concept of this foreign office? What is the general concept the department has in mind?

Mr. Pearson: Plans have been drawn up, but as I have said our priority is low and they are not likely to be realized for some years. I doubt very much, though I have not the details of the plans in my mind, whether there is any provision even in those tentative plans for the inclusion of facilities for entertainment. I think that will have to be done in the future outside the foreign office.

Item agreed to.

98. Canadian representation at international conferences, $200,000.

Mr. Nesbitt: There is one question on item 98. I see the amount in the estimates this year is the same as it was last year. Could the minister tell us whether there will be approximately the same number of conferences each year?

Mr. Pearson: There are international conferences which are held annually and we can provide for them. But in addition there are conferences that are periodic and some that are called in emergency situations. All we can do is estimate for those. This amount is designed to cover the ones we know we will have to attend, and to make some provision for emergencies. For instance, the newspapers this morning talk about a possible conference in connection with the Suez canal. If that took place and if we were invited to it and went, that is the kind of conference for which we really cannot provide in advance except in this way.

Mr. Nesbitt: Does this item take into consideration any conferences which are held as a result of United Nations activities, for example?

Mr. Pearson: Yes, Mr. Chairman; this is designed to cover the regular United Nations conferences.

Item agreed to.

99. Grant to the United Nations association in Canada, $11,000.

Mr. Nicholson: Is the minister making any progress in discussions with the United Nations association on the possibility of having better public information services in Canada in connection with the work of FAO, WHO and UNESCO?

I raise this question each year when the estimates come up and also discuss it with the Minister of Agriculture and the Minister of National Health and Welfare, but apparently no department of government in Canada seems to worry a great deal about making known to our people in Canada the problems that are being faced by these international organizations.

I noticed that in the Toronto papers yesterday a great deal of publicity was given to a swimming star, but rarely do we see anything in the Canadian papers regarding the very imaginative work which is being undertaken by some Canadians in different parts of the world.

The last Colombo plan release I had gave information that some 40 Canadians are in different parts of the world. It is on a typewritten sheet, but there is no information about their names, where they are or what they are doing. It would seem to me that some of these people come from Halifax, Regina, Calgary or Vancouver, and some of the people in the cities where these young people live should be given some information from time to time regarding their work. I think it is going to be increasingly difficult to get additional funds for these agencies that must have additional funds if the taxpayers of Canada are not given more information from time to time.

About a year ago the minister mentioned that probably a United Nations organization would be the organization—it would not be the responsibility of government—that should be given this responsibility. If they are

given that responsibility then more funds should be made available. Can the minister make some comment as to whether any discussion has taken place with a view to increasing the grant, or whether his own department feel they should set up an agency? I realize that criticisms have come from the Progressive Conservative party from time to time regarding what is being done with respect to new expenses, but I feel that here is one important sector of the work of external affairs that should have additional funds.

Mr. Pearson: Well, Mr. Chairman, I know that my hon. friend has a very special interest in this matter, because we have discussed it, and I know that for some time now he has not been satisfied with what is being done in this respect, both in the government and possibly outside the government, through grants of this kind. All I can say is that in our information division we have not been allotted appropriations which would enable us to do more than we are doing in publicizing the activities of international organizations and the Colombo plan in Canada.

But I would point out to him the grant we make to the United Nations association to assist it in this work, and I think the more of this work that can be done by voluntary organizations the better. This particular grant has helped the United Nations association do a good deal of publicizing of the activities of the United Nations and its specialized agencies. For instance, the association prepares and distributes the world review of United Nations activities for Canadian schools, and about 52,000 copies are printed monthly, which are distributed by the provincial departments of education. I also know that the Colombo plan organization has increased its information activities through its central office fund in the last year; but I am not going to quarrel with the suggestion of the hon. member that more could be done, and I am not going to quarrel with him that more should be done. In fact, the resources we have now do not permit us to do any more.

Item agreed to.

102. To authorize and provide for the payment of fellowships and scholarships and travelling expenses to enable Canadians to study in France, The Netherlands and Italy, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, and for payment to the Royal Society of Canada of amounts not to exceed $10,000 in all to meet travelling and other administrative costs incurred by the society for those it may designate to act on its behalf in selecting persons to receive fellowships and scholarships, $125,000.

Mr. Diefenbaker: Mr. Chairman, in connection with this item to authorize and provide for the payment of fellowships and scholarships and travelling expenses to enable Canadians to study in France, The Netherlands and Italy, will the minister give some general idea as to the qualifications required of applicants in connection with these fellowships? There seems to be a lack of general information in this regard. I think it is a most laudable purpose and one that deserves every co-operation on the part of the Department of External Affairs. There is a worthwhile contribution to be made under this system of fellowships, and I do feel there is not that general knowledge of the basis for qualification that should be available to those who might consider applying, if they knew of its existence.

Mr. Pearson: Mr. Chairman, this amount covers, as my hon. friend knows, the graduate fellowships and scholarships which are granted to Canadian students from federal funds for study abroad. As he also knows, the scholars in question are chosen not by the government but by the Royal Society, which administers these schemes.

In 1955-56 the Royal Society allotted 16 scholarships, 12 fellowships and 28 other awards. These awards are given for study abroad not only in the natural sciences but in the social sciences. As my hon. friend knows, the money was originally paid out of blocked funds in European countries which accrued after the war, but that source of assistance has come to, or is coming to, an end. It is hoped that we can continue this assistance to scholars through a regular appropriation of this kind, not from blocked funds.

I agree that possibly there has not been as much publicity given to this as is desirable, but the Royal Society of Canada has from time to time issued pamphlets to universities where the information is available. The most recent one I have before me was issued just a few weeks ago, which gives a good deal of information as to how to apply, the qualifications required and the nature and scope of the assistance. This should supply all the information that is required by any applicant for a scholarship, and I am informed that it is given quite wide distribution by the Royal Society.

Mr. Stewart (Winnipeg North): Mr. Chairman, when the day comes that blocked funds are used up and we shall appropriate money in this parliament specifically for this purpose, would it be the intention of the government to see that scholars and students are able to go to countries other than those mentioned in this vote?

Mr. Pearson: Mr. Chairman, if or when the time comes that this is a normal vote and not out of blocked funds, there will be no limitation except those limitations laid down by the Royal Society itself, on the institutions where this work may be carried on by the fellow or scholar.

Item agreed to.

105. To provide for the Canadian government's contribution to the United Nations expanded program for technical assistance to under-developed countries in an amount of $1,800,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $1,798,875.

Mr. Patterson: Mr. Chairman, this item is to provide for the Canadian government's contribution to the United Nations' expanded program for technical assistance to under-developed countries. This matter was given considerable attention in the committee, and it is not my intention to make any extended remarks on this item. I am sure we all appreciate the work that is being done in this connection.

I was somewhat perturbed to come across an article in my home town newspaper, the Abbotsford, Sumas and Matsqui *News* for Wednesday, June 27. The heading of this article is "Critical of Assistance Given Asiatic Countries" and it has to do with both the technical assistance programs and the Colombo plan. I want to read just two or three paragraphs from this article and perhaps the minister would like to take notice of the contents. The first paragraph is as follows:

That the technical assistance agencies attempting to raise the standards in industries in Asiatic countries are failing in the task for which they were designed, is the personal opinion of Dr. John W. A. Brant, physiologist, who is currently vacationing with relatives in Abbotsford.

The third paragraph from the top in the article reads as follows:

His work during the past year was similar to his year in Ceylon with a team of United Nations technical officers.

I am just picking out pertinent paragraphs. Further down in the article the following appears:

Dr. Brant suggests the technical programs are far-fetched. They are not in step with the culture and historical progress of the country. Dr. Brant explains that United Nations technical experts and experts from other similar agencies, when they are sent to the Asiatic countries, are assigned to government branches or commercial and academic institutions. Quite often those who are trained turn their knowledge to personal gain, rather than passing it on to the masses.

Another paragraph is as follows:

In many instances, the technical assistance being given is causing more harm than good. In effect, the present programs are attempting to force 1,000 years of progress on these countries overnight.

[Mr. Stewart (Winnipeg North).]

A final paragraph reads:

Of the three agencies, Colombo plan, United Nations, and the United States, which are currently supplying assistance to Asiatic countries, the Colombo plan is the most effective, Dr. Brant believes.

I do not know just how qualified this gentleman is to make these observations, but certainly if he has been a member of the teams in these various countries his words should be worth something. I thought possibly the minister might be interested in making some inquiries regarding this gentleman, learning by what authority Dr. Brant speaks and whether or not his observations are correct.

Mr. Pearson: I shall be glad to do that, Mr. Chairman. I know, of course, there have been some criticisms made of the technical assistance programs. It would be surprising if that were not the case, because there are great difficulties in the provision of technical assistance in these countries. So often it is not possible to get enough of the best technicians to do the work. That is one of the reasons I wish we could have some kind of international civil service organized under the United Nations, so people would be continuously available for this kind of thing. Having regard to these difficulties, I nevertheless think the project itself has been effective and successful although, as I have said, it has had its disappointments.

I hope the committee will feel this expenditure of $1,800,000 is very worth while. In some ways the Colombo plan—and we are not talking about that—has been more successful than the United Nations technical assistance program because of the intimate relationship between the member countries, which has made it easier to develop co-operative projects; but the United Nations scheme which is now under good organization and administration—the head is a Canadian—is doing a very worth-while job. I shall be glad to look into the particular matter raised by the hon. member.

Mr. Stewart (Winnipeg North): Mr. Chairman, I wonder if it might not be possible to do something under our own civil service in this regard. We know there is a great shortage of competent personnel to assist countries whom we would wish to assist in a technical way. Would it not be possible to open up a new sort of career for Canadians, both men and women, who would be interested in devoting their lives to this very significant form of aid to those who are less fortunate than we are? In other words, is the department considering at all giving some sort of moral support to universities in the training of young men and women who would be prepared to enter this new concept of civil

service, nomadic perhaps in a certain way, whereby they would be on tap, as it were, to be sent to different countries when requests come from them.

Mr. Pearson: Mr. Chairman, I know our own civil service commission has tried to help whenever it could in the provision of experts of this kind for the United Nations, but I realize that my hon. friend would go further than that. I should tell him that this very matter is now under active consideration at the economic and social council meeting now being held in Geneva. This is a matter in which our delegation is very interested, and the secretary general of the United Nations is also very interested in it. I hope that in the course of time something will be developed along these lines on an international basis.

Mr. Hahn: Mr. Chairman, unfortunately there are many committees sitting which makes it impossible for one to be here when one wishes. The hon. member for Fraser Valley indicated in his address on the first item that I would take part in this debate. I rather hoped to deal quite extensively with the United Nations, but I see that we have reached the technical assistance stage, so I will have to try to confine my remarks to the particular item we are discussing.

I am thinking now of the question that was dealt with to some extent in the United Nations. That is the matter of SUNFED, the special United Nations fund for economic development. I found in the discussion, which interested me a great deal, the suggestion made by a great many of these countries who would take part in it that in the operation of the fund those who were the contributors would not be in a position to regulate the use of the fund. I know there is a great deal of argument in favour of that course, though I would personally prefer to see those who are contributing in some way have a greater say in the actual expenditure.

Earlier in this debate the hon. member for Prince Albert quoted a statement to the effect that every dollar put into investment in this field is worth $5 in defence. Possibly he is quite right, but I would say we should only invest to the degree that the investment can be absorbed in the particular country that is being given assistance. I think that is one of the problems we have to deal with specifically.

We find that the countries of southeast Asia are generally considered to be neutral. I do not know what a definition of neutrality would be, unless it could be that a decision would be reached by that country as to whom they might think would be the victors in the event of a catastrophe and on that basis they would decide on the country of which they would be in favour. Be that as it may, that is the only field from which we are going to be able to draw any reserve in the event of war or a similar catastrophe; therefore I think we should do everything within our power to see to it that we assist these people in every way possible.

I am satisfied that if the United States today is being held in some disregard by these countries—or for that matter, if we ourselves are being held in disregard by them—the reason is that they feel every time they receive financial assistance of any kind certain strings are attached to it. For that reason we have to revise our thinking on technical matters.

Asians, I believe, fear it. They have just got over a long period of colonialism, over 300 hundred years of it, and they do not want to have any more of it. I have listened with a great deal of interest on former occasions to speeches in this house having to do with United States investment in this country. We find in this country and in this house a great number of people who are completely opposed to further United States investment in this country because, they say, there are strings attached to it. We might only place ourselves in the same position in Asia in some of these underdeveloped countries, and we come back to the same conclusion that these people reach in this country. They are no more desirous of that help than we are, because they feel there are certain strings attached.

Therefore, as I said earlier, I think we should revise our thinking to a degree on this particular problem. I wonder whether the government has given any thought to a different approach to the question. We have the field of technical education and university training, authority for which is given to the provinces alone. I would propose, though, that instead of just continually giving aid to the underdeveloped countries we change our thinking and possibly develop in Canada an international university and technical training school, to which Canadians would not be allowed to go, perhaps centralized in one of the prairie provinces because of the facilities we have there, agricultural and otherwise. We could invite students from India and some of the other underdeveloped countries to come to this college or school, whichever you call it, for the purpose of training them in our field of agriculture, in irrigation methods and any other things we feel it necessary that they must know before they are able to utilize the machinery and equipment we send them.

I am satisfied that our provinces would not take exception to this, because we would not be entering into their field of education. We would be doing something for the world in an effort to stimulate an interest in those underdeveloped countries in becoming more familiar with our techniques of operation. I am satisfied that the U.S.S.R. is doing something along similar lines. In reading the text of many of the bulletins they send us in this house I find that they frequently make reference to students who are there. But because of our charter under the British North America Act our government is not in a position to assist at this time in a similar way to the Soviets, and it is my suggestion that this other course be given due consideration by the government, only for the purpose of teaching these people how to utilize machinery and giving them the technical training they require and, indeed, going on to give them a university training, or the engineering training that is required if the underdeveloped countries are going to become of any value to us.

The over-all effect might be that coming into contact with Canadians as they are bound to do, they would appreciate more of the problems that we have, for indeed we have certain areas of our country that are underdeveloped in the way of capital investment by this government. However, instead of continually putting more and more dollars into a field of investment which is not appreciated because of the strings attached, I think we should find some new approach that would be acceptable to these former colonial countries.

Mr. Blackmore: Before the item carries I wish to discuss a matter which I intended to discuss the other day. I have been greatly intrigued by the "package deal" that the Minister of National Health and Welfare endeavoured to negotiate in relation to the United Nations last fall. On July 26 I asked the minister if he would be here during this discussion, and he said he would be; but yesterday he gave me to understand that he is prevented from being in Ottawa because of an unfortunate accident to one of his children, which detains him at home.

I wonder whether I might ask of the Secretary of State for External Affairs the questions that I desired to ask of the Minister of National Health and Welfare, if he does not feel that that would be imposing on him? If he would be willing to answer the questions or give his idea as to what the Minister of National Health and Welfare would have said, then I should like to talk about that matter for a little while.

I am interested not only in the fact that there was a "package deal" which this house did not know was going to come up. There was no announcement whatever about it, and as far as we know the government knew nothing about it. If people, with no more permission from this house to go and speak for it respecting international affairs than, as far as I know, the Minister of National Health and Welfare has, are able to go to the United Nations and commit Canada by implication as that minister did last year, I do not know what outrageous things we might expect to be sprung on us at almost any time. I feel that under the circumstances a matter so serious as that should never have been taken up until we had a chance to discuss it. Perhaps I am quite wrong; I just want to be advised in the matter.

I had several questions which I desired to ask the Minister of National Health and Welfare. Probably I would be well advised to read those questions first so the minister will have a chance to give them some thought.

First, will the minister give the house an account of his attempt in November and December, 1955, to obtain the admission of 18 nations into the United Nations general assembly in the so-called "package deal" which he supported?

Second, what in a general way did the minister conceive to be the advantage to be derived from the admission of this "package" to the United Nations general assembly?

Third, why were these particular nations chosen?

Fourth, name in order the nations on the list, and in the case of each give the special reason for including that particular nation on the list.

Fifth, where was that list made up—in Ottawa, in New York, in Moscow—or was it the result of the collaboration of all three?

Sixth, it was reported that when a United Nations person asked the minister what was the reason for Canada's stand to admit all 18 of these nations, including Mongolia and other communist countries, the minister said, "Our interest in the matter is government policy." Did the minister say those words?

Now I think I have something on which the Secretary of State for External Affairs can go to work, if he so desires; but while his experts are going into this matter, which probably is quite a surprise to them, may I say just a word or two about this question of Outer Mongolia? This matter of attempting to get Outer Mongolia into the United Nations brings up the whole question of the recognition of red China and the whole question of Chiang Kai-shek, the Chinese nationalist government, and their right to be recognized as the government of China and to be in their position in the United Nations.

It probably is not generally known that Outer Mongolia never did belong to Russia except during the years 1912 and 1913, when it belonged to czarist Russia for a little while. Mongolia, Manchuria and Sinkiang formed a belt of territories or possessions along the northern border of China. They had been Chinese possessions since the days of Genghis Khan, if I am correctly informed. Consequently these three provinces were under the control of the Manchus, and when the Manchus were disposed of as the result of the work of Dr. Sun Yat-sen and Chiang Kai-shek, naturally the ownership of these three territories would come into the hands of Chiang Kai-shek and nationalist China. There can be no doubt about that.

Russia did nothing sufficient herself to get control of these three provinces although she had been trying to do so for a long long time, even before the days of the communists. Why should Outer Mongolia, which, as far as rights are concerned, still belongs to nationalist China and Chiang Kai-shek, be made into an independent nation, "a liberated nation" I suppose, according to modern terminology used by the communists, the pro-communists and the communist dupes? Why should a nation like that be admitted as a member of the United Nations general assembly? That is a question that will require a lot of answering and a lot of explaining. I should like to have the minister say a word or two on that matter. Perhaps his experts are not prepared to do so. If they are not, I shall read a statement which will indicate—

Mr. Pearson: Mr. Chairman, I should like to hear what the hon. gentleman is going to read but I am quite ready to deal with the question he has raised, though I am not sure how it can be brought under this item in the estimates. I would tell him on this matter—

The Deputy Chairman: Order. Before the minister replies, may I say that I am afraid if he does reply at this moment he may be just as badly out of order as I am afraid the hon. member for Lethbridge is. I do know that notice was given by the hon. member for Lethbridge of his intention to bring up this matter and that it was delayed in order, if possible, to have the Minister of National Health and Welfare in the house at the time, but I should like to suggest to the hon. member for Lethbridge and to the Secretary of State for External Affairs that item 105 now before the committee is to provide for the Canadian government's contribution to the United Nations expanded program for technical assistance to underdeveloped countries.

I might point out that item 617, which we have not yet reached, is to provide for the Canadian government's assessment for membership in international organizations. I think the points brought up by the hon. member for Lethbridge deal entirely with the policy to be adopted by Canada. Perhaps his arguments might deal with the desirability or otherwise of paying our assessment to certain international organizations, but they hardly deal with our contribution to a program of technical assistance.

Therefore I suggest to both hon. members that we would have a more orderly discussion if we completed item 105 and the similar items which are for specific purposes, on the distinct understanding that the questions raised by the hon. member for Lethbridge will be dealt with under item 617. If that is agreeable to the committee, I think it is the proper conclusion to arrive at.

Mr. Blackmore: I entirely agree with you, Mr. Chairman.

Mr. Herridge: I want to say a word or two about the item. I have had the opportunity and the pleasure of getting to know a number of students from India, Ceylon and other countries who have come to Trail to receive additional training at the plant of the Consolidated Mining and Smelting Company. These people are all very intelligent, in many cases highly trained and well versed, and I must say that I have made a point of asking them what they thought of our system of technical assistance. In every case they have thought that it was to their advantage to be trained in various industrial plants, universities and so on in Canada, and I am quite sure from my experience and the experience of the people of the district that it is to the mutual advantage of the student and the community concerned to have these associations. They have been most happy ones in the Trail district.

I might also mention at this time that I have had some long conversations with these men. They are most interesting people to meet. I have asked them what they thought of our Colombo plan and in every case they have expressed the highest appreciation of the work that is being done by Canada in their countries under the Colombo plan.

Item agreed to.

106. Contribution to the United Nations children's fund, $650,000.

Mr. Stewart (Winnipeg North): Mr. Chairman, this is a vote which, of course, is going to get the support of the whole house because we are all interested in the United Nations children's fund. I am glad to see the government taking the lead in providing money for

that fund, but I do not think it is good enough just to have the government do it. We have to spread the idea that individuals should help. We have tried in the past, though not altogether successfully, and we have to spread the idea amongst the citizenry of Canada so they can play a greater part in helping this most essential fund. The most important citizens of all are the youngsters of Canada, and I am going to suggest to the department that perhaps they have a job here they can do.

I noticed that last year at Halloween quite a number of children, instead of going from door to door dressed up in various disguises and getting apples, candies and other little benefits for themselves, went around collecting for UNICEF. It was an excellent idea indeed. I wonder whether it would not be possible for the Department of External Affairs to get in touch with the provincial departments of education and suggest that they in turn write to the school principals suggesting that on the last day of October, Halloween, the children of the various schools be encouraged to go around not gathering gifts for themselves but for the United Nations children's fund. It would be a good thing for the youngsters to do for their own sakes, and I am sure it would be of inestimable value to UNICEF. I think perhaps a lead might be given here by the department, if it would follow out this suggestion.

Mr. Pearson: This department has a great variety of activities, but I confess that this is one that had not occurred to us. However, we will be glad to follow it up.

Mr. Dinsdale: I believe the Canadian branch of the United Nations association is doing very excellent promotional work in this regard. Is that not right?

Mr. Pearson: Yes, they have done some good things in this regard. UNICEF is an organization that appeals to everyone; nevertheless these efforts, governmental and non-governmental, might very effectively be supplemented by what my hon. friend has just suggested although, of course, it is a matter for the provincial education authorities. We will take it up with them.

Item agreed to.

North Atlantic Treaty Organization—

107. To provide, subject to the approval of the governor in council and notwithstanding the Civil Service Act, for special administrative expenses, including payment of remuneration, in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic treaty organization (part recoverable from the North Atlantic treaty organization), $35,484.

[Mr. Stewart (Winnipeg North).]

Mr. Hahn: Last year it was my privilege to be in attendance at NATO with a group of parliamentarians from this country. As a matter of fact it was just about a year ago now. The session had been called for the purpose of seeing what could be done to implement the economic aspects of NATO. I was very pleased indeed that the Secretary of State for External Affairs saw at the time of the drafting of the charter a need for this particular clause, for it becomes more and more apparent as time goes on that NATO itself would be dying more quickly or would be dead if it were not for the hope that there would be some greater binding force than the military aspect that we have at the present time.

I know there are certain newspapers or certain groups that take a dim view of parliamentarians making these annual excursions. I might say this, however, Mr. Chairman. Aside from the matter of fellowship, which was irrelevant and unimportant, I certainly obtained a greater degree of understanding of the problems that are facing our European friends and other members of NATO in this regard. While it is true that some of us can speak from time to time on questions pertaining to our own country, when it comes to this matter of international problems it is necessary that we be somewhat more familiar with them than we are at the present time if we are actually to understand what are the problems that face these member nations.

The only way in which that can be done, so far as I can see, is to take a group of parliamentarians to Europe—and I would say a different group each year—in order that they might become more familiar with those questions and might come back with some intelligent reasons for what they think should be done to assist our cause.

In my discussions with these friends I found that it was the fear of war that was responsible for the bringing into existence of NATO. But fear is not a binding force, in my estimation, and we want a binding force. I would therefore say that the other aspect which the Secretary of State for External Affairs emphasized when he was on the committee drafting the charter is the more important one, and that it should be emphasized more and more. It is up to us as members of this house to try to give him ideas. As one of the three wise men I am sure he would be anxious to hear how we would implement the economic factor, for in that way alone lies the continuance of NATO.

The world today is divided into several blocs. We have the Arab bloc, the Soviet

bloc, the China bloc, the Southeast Asia bloc, and the American bloc, as it is sometimes called. In trying to analyse these problems as we see them, we can arrive at a reasonable solution only by integrating ourselves, by becoming more closely associated more particularly with the nations which we have reason to believe are our friends and allies, and by co-operating with them. General Gruenther, who is to leave the association, has certainly gained the respect of everybody. However, I am satisfied that his successor will prove to be just as able and capable as he was.

We were particularly well represented. We were very fortunate I might say, in our own organization in having with us—he has now been transferred to the head office—Air Vice Marshal Campbell and Brigadier Anderson, who are doing a noble work. Indeed, I am satisfied that it is only as a direct result of the fine work that Brigadier Anderson has done among our troops in Soest that we have today men and women who have become ambassadors at large in Europe, following the unfortunate incidents when the Canadian troops first came over and settled in that area. It was only through his work, his integration, his ability to sell the fact that Canadians are human beings just the same as other people, that they were made so acceptable to the German people. I am sure we cannot compliment this man too highly for the work he has done and for the high regard in which he is held by Europeans, particularly by the Germans in the community with which he is associated.

There is, however, one other factor that interested me. When I was at the United Nations last year I was privileged to be in attendance at a special meeting that was called by some of the original signatories to the North Atlantic treaty. Senator Robertson was the guest speaker, and at that meeting were representatives from each of the NATO countries. I believe the only country which was not represented on that occasion was Turkey. Each one of us was privileged to give a five-minute address following the senator's remarks. The feature that stuck with me most was the statement by every last representative from those countries that NATO would die unless the economic aspect was brought forward and developed.

This suggestion is very definitely borne out by the action of Iceland. There just the military aspect has been emphasized at all times; we have sacrificed the economic aspect. I would say that we must develop that aspect in order that we may re-establish ourselves as a North Atlantic Treaty Organization that will continue to function in order to offset the forward march with which the Soviets are plaguing us today. NATO can be, and in the future should be, developed more and more in the economic field.

I see that it is just about one o'clock, Mr. Chairman. However, if the committee will bear with me for about two minutes, I shall have finished. I have only one or two observations to make with respect to methods.

The Deputy Chairman: Is it agreed that the hon. member has consent?

Some hon. Members: Agreed.

Mr. Hahn: My reference is to methods of developing the economic end of NATO. They are only three in number, in fact. I would make the suggestion that while we have the three wise men, the organization might set up a special committee for the purpose of studying only the economic aspect of this matter. It would be more a committee to inquire into the possibilities of integrating trade between these nations.

First I would suggest an overseas investment program. There would be no give-aways as far as I am concerned, because of the strings attached on the basis I mentioned earlier in respect to the United Nations, but it would be just as applicable in NATO. This program would be administered through an advisory council in consultation with investors.

Then, in the matter of civil production, it would be most important to develop primary production for use and marketability; develop a nation in proportion to its adaptability, but at all times decentralize the organization so no part is solely dependent on the other. I think every nation wishes to keep its sovereignty and that it wants to seem independent even in this matter of trade, and not dependent solely on what someone else is producing. There should be a recognition of NATO by all members, they should recognize that they have a role to play either in economic or military matters, or both, to be protected at all times.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Stewart (Winnipeg North): Mr. Chairman, I wonder if the minister could tell us how many Canadian cabinet ministers attended meetings of NATO in Paris last year, and for how many days each were they at those meetings?

Mr. Pearson: Offhand, Mr. Chairman, I am not sure if I have that exact statistical information in terms of days. I attended

three meetings of the NATO council last year myself, and the average length of the meetings was two or three days. I am now talking of the full ministerial council. My colleague the Minister of National Defence was also with me at the annual meeting. I think we were the only two, although I should like to check whether or not the Minister of Finance was at one of the meetings.

Mr. Stewart (Winnipeg North): I think that points out one of the weaknesses of the NATO organization. There is no real meeting of minds between governments. I have a very high regard for the civil servants who are acting there on behalf of the governments, and particularly for the one who represents Canada. But if there is going to be reality in this subject of Atlantic unity there has to be what I call this meeting of minds, and it cannot come through meetings, no matter how frequent, of civil servants. It can only come through the meeting of ministers, those who really make policy.

What has happened all too frequently in the past is that arrangements have been arrived at, and properly so; then cabinet ministers have gone over and within a matter of a few hours have agreed to the arrangements which had hitherto, of course, been agreed upon. I do not think that is good enough. If we are going to make something out of NATO ministers must meet ministers, and problems must be threshed out in the council. I hope Canadian ministers will take a far greater interest in the work of NATO than they have in the past. I exempt the Secretary of State for External Affairs from that condemnation.

Item agreed to.

International joint commission—

109. Salaries and expenses of the commission including, subject to the approval of the governor in council and notwithstanding the International Boundary Waters Treaty Act, as amended, payment of salary of the chairman of $17,000 per annum, $100,745.

Mr. Green: This item, Mr. Chairman, has to do with the international joint commission. It would be helpful if the minister would explain the scope of the instructions given to that commission with regard to the Yukon river. Apparently there is some difference of opinion between the United States and Canada concerning the use of that river for power purposes. In any event, some problems have arisen. This is very important to Canada because of the tremendous power potential in the headwaters of the Yukon river and its tributaries. Incidentally, these headwaters lie not only in the Yukon but also in the northern part of the province of British Columbia. I should like the minister to explain just what is being done with regard to this matter.

While the minister is dealing with that, perhaps he could tell the committee whether the government has in mind undertaking any negotiations with the United States concerning access from the western boundary of British Columbia through the panhandle of Alaska to salt water. As the minister knows, this panhandle drops down over that western boundary for about half the whole length of the western boundary of British Columbia. In recent years there have been extensive developments taking place in the mining field in that part of British Columbia. There has been some suggestion that there should be a very large power plant somewhere on the Taku river a few miles inside the Canadian border, but always they run up against this problem of getting access to the sea.

At the same time, the Alaskan centres at tide level are not progressing very rapidly. I believe they are very anxious to have some solution so they can do a great deal more business than they are doing at the present time. If some arrangement is not made I think it will be only a short time until British Columbia will be forced to open up a highway system north and south through that part of the province's territory. While that would be more expensive, it would give an outlet by means of which the resources of that part of the province could be taken to market.

This is a question which will have to be handled quickly. It cannot be left indefinitely because of the developments that are taking place at the present time in that portion of the province. I wonder if the minister would deal with those two points this afternoon.

Mr. Pearson: In regard to the second point, Mr. Chairman, the proposed Yukon river reference for which there is an item in the estimates, the government of the United States has made overtures to the government here regarding a reference to this commission, the international joint commission, on the water resources of Alaska and the Yukon river. The Canadian government, up to the present, has not indicated whether it is willing to join in such a reference. At present, however, there is little or no factual information on the resources of the Yukon river and the Canadian section of the international joint commission—General McNaughton had something to say about this when he appeared before the committee on

external affairs, and his evidence on this point appears on page 333—feels that at least a preliminary survey should be made of the river in the event a joint reference is agreed upon. This is being done.

In the light of past experience of the Columbia river reference in 1944, when Canada had very little information on the potentialities of that river thereby placing the Canadian section of the international joint commission in a difficult negotiating position, it is felt that this preliminary investigation should be made on our side before a decision is made in regard to referring the matter to the joint commission, and that is being done.

Mr. Green: There has been no agreement yet to refer the question to the commission?

Mr. Pearson: No, Mr. Chairman, there has been no agreement and will not likely be an agreement until we get the information from our side of the joint commission to which I have made reference.

The question of the panhandle was rather exhaustively discussed in the committee, and I submitted a statement on that matter to the committee which my hon. friend may or may not have read. I wonder whether I could refer him to the page—I think it is page 421 of the committee hearings—where this matter is gone into in some detail. I might add at this point that there is a difference of opinion as to whether a corridor of the kind he suggests would be desirable or is necessary at this time in the interests of the people of British Columbia. We have had evidence both for and against that.

In any event, we felt that nothing would be gained at the present moment by bringing this matter up officially in Washington, because we were quite convinced that we would get nowhere if we suggested some cession of territory for the sake of creating a corridor across the panhandle to the Pacific coast. On the contrary, we felt that if we raised that matter officially at this time we might get some counter-proposal from the United States government which would be embarrassing.

Mr. Green: What is the United States asking for with regard to the Yukon river? On what basis are they requesting a reference to the commission with regard to that river? The only part of the river which flows through Alaska seems to be a very long way from the area where power can be produced. On what basis is the United States asking for this reference?

Mr. Pearson: I am not quite sure whether I can answer that question, Mr. Chairman, without further information. All I know is that at the present time we have not given them any reason to believe that any such reference would be acceptable, and we would want to look into it very carefully before we came to a decision. In view of our lack of response I do not think the basis on which they made the request has quite so much importance. My colleague the Minister of Northern Affairs and National Resources would know. His estimates are coming up next.

Mr. Green: Can the Minister of Northern Affairs and National Resources give the committee any further information on that point?

Mr. Lesage: I do not recall, sir, exactly what was the basis of the request of the government of the United States for a reference to the international joint commission on the Yukon river, but I believe our attitude has been pretty well described by the Secretary of State for External Affairs. Our response, as he said, has been pretty negative; in the discussion that we shall be having with the United States we will be discussing the Yukon river as well as other important international rivers.

Mr. Green: When are those discussions to take place? Has a date been set?

Mr. Lesage: No date has been set, sir. We are having preliminary exchanges of an exploratory nature in order to try to define exactly what are the questions that are to be discussed.

Mr. Fulton: Mr. Chairman, I wanted to ask about a very closely related subject which is going to be one of the matters to be discussed, I understand, at the forthcoming meeting of governments just referred to by the Minister of Northern Affairs and National Resources, namely the question of the Columbia river.

Mr. Lesage: My estimates are coming up next.

Mr. Fulton: But this is the item for the international joint commission.

Mr. Lesage: I also have one.

Mr. Fulton: While I am prepared to co-operate, I do not want to be foreclosed by one minister saying, "You should have brought it up under the other's estimates".

Mr. Lesage: Bring it up and we shall see.

Mr. Fulton: What I wish to ask is simply this. Is the Secretary of State for External Affairs prepared to discuss the present situation with regard to the Columbia river in so far as the international joint commission is concerned and the problems about which we both know, or would he himself

prefer to leave the whole matter to be discussed on the estimates of the other department; because if we can have a better discussion there I would be prepared to defer it.

Mr. Pearson: I think there would be a better discussion on the estimates of my hon. friend's department, because his department is making the preparations for these intergovernmental talks that are about to take place with which the international joint commission, the Canadian side, will be associated; therefore I think it would be more constructive if we could postpone it until his estimates come up, and they are coming up right after mine.

Item agreed to.

110. To provide for Canada's share of the expenses of studies, surveys and investigations of the international joint commission, $199,180.

Mr. Brooks: Mr. Chairman, I just want to make a few remarks on this item. This morning I was pleased to hear the minister say that the proposed Passamaquoddy development had been referred to the international joint commission. The minister will recall that on May 7 I moved:

> For a copy of all letters, telegrams, memoranda and other documents exchanged during the past three years between any department or officials of the federal government and the international joint commission, the government of the United States of America, and any other government or organization or individuals, relating to a survey or surveys of the economic feasibility of the development of the Passamaquoddy tidal power project.

I had a partial return from the department, and I had hoped for a full return before the minister's estimates came before the house. However, the minister said this morning, I think, that tomorrow at Washington there would be a joint statement—

Mr. Pearson: Today.

Mr. Brooks: I wish to thank the minister for sending me a copy of the reference, which I received just a few minutes before I came down to the house. It is too bad that this reference had not been made public earlier, so that a study could have been made of it while the minister's estimates were before the house. From a cursory study I notice that the reference to the commission authorizes them to determine the costs, to determine the effect on the economy of the United States and Canada of this development. They are given the advantages of the reports of 1950 and 1952. I also note that the United States government, subject to the availability of funds, is to incur costs of up to $3 million and the Canadian government up to $300,000.

[Mr. Fulton.]

It does seem to me, Mr. Chairman, that there is a great discrepancy in the amount Canada is contributing to this investigation as compared with that which is being contributed by the United States. It is ten to one. We in the maritime provinces are interested not only in the proportion of one to ten in this development, I can assure the minister. I wish to assure the government that is not the case. We feel that if this Passamaquoddy project is developed it should be more or less a fifty-fifty proposition, and any benefits which accrue from the development of the Passamaquoddy—I see the hon. member for Charlotte here and I am sure he will agree with me in this—should go to the United States and Canada, and the maritime provinces in particular, in equal proportions. There is no doubt as to the interest that exists in this project in the maritime provinces, because in the return I received from the minister there were recommendations from boards of trade of the county of Charlotte which the hon. member represents and from other boards of trade in the maritime provinces.

I do think, Mr. Chairman, our federal government was rather dogmatic in its reply to some of the representations made by the United States government with reference to this development. I am afraid there has been a very lukewarm attitude on the part of the federal government with regard to this development. This has been recognized not only by the people in the maritime provinces but also by people in the state of Maine. I had a letter from Senator Smith of Maine which I read here some time ago in which she said she was very much afraid that the Dominion of Canada was not taking the vital interest in this matter that the state of Maine was, and which she hoped the United States in general was taking.

I should like to quote from a memorandum sent by the Secretary of State for External Affairs to his excellency the ambassador of the United States. It is dated April 5, 1956. I quote from this memorandum:

> The Canadian authorities concerned have given careful consideration to this matter—

That has reference to the international joint commission. I continue:

> —and it is assumed that further discussions will take place concerning the specific terms of the reference which might be presented to the international joint commission. It also seems desirable to include in the joint reference provision for an investigation into the effect that the proposed tidal power project would have upon the fisheries in the area.

That is naturally very important, but it is not the only consideration which we in the

maritime provinces have in this proposed development. The memorandum goes on to say:

> Having regard to the foregoing, the Canadian government is prepared, on the following conditions, to join with the United States government in a reference to the international joint commission on a survey of the proposed Passamaquoddy tidal power project:
>
> (a) It is proposed that each country assume responsibility for part of the required surveys and investigations. Canada would be responsible for the investigation into the effect the project might have upon the fisheries, and Canada would assume the cost of this investigation to an amount not exceeding $300,000.

I point out again, Mr. Chairman, this rather indicates that the main interest Canada has in the Passamaquoddy development is simply in connection with the fisheries. I continue:

> (b) Each country would facilitate the extension to it of the required surveys by agencies of the other country, as well as the entry of personnel and equipment, on the understanding that all information obtained in the various surveys would be made currently available to each country through the international joint commission.
>
> (c) In joining in the reference to the international joint commission, the Canadian government would make no commitment regarding the eventual construction of the project.

I hope this is not an indication that the Canadian government is not anxious to bear its full share of the Passamaquoddy development if it is found feasible and practical. We do not wish to see the United States achieve control and have the absolute use of the Passamaquoddy development, and we do not wish to see Canada having an interest only in protecting the fisheries of the bay of Fundy.

I understand, and I think it is general knowledge in the province of New Brunswick, that there are quite powerful fishery interests in that province that are more concerned over what might affect the fisheries in the bay of Fundy than they are over the great power project in that province. I also understand that from inquiries made in 1950 the fears of the fishermen in the bay of Fundy are rather unfounded, and there is no great danger to the fisheries there. However, this investigation will determine that. I also understand it will take three years in order to complete this investigation, and possibly we will not know what the attitude is going to be until the three-year period has elapsed.

I would like the minister to tell us this afternoon whether the federal government is as concerned about the development of Passamaquoddy as is the United States, and particularly the state of Maine, or whether we are interested only in protecting the fisheries in that area.

Mr. Pearson: Mr. Chairman, I can assure my hon. friend that we are sincerely interested in both aspects of this investigation, the development of power and also the effect any such development might have on our fisheries there. We share the interest of the United States in this investigation, and we will share fully with them in the results of the investigation.

Mr. Brooks: Financially?

Mr. Pearson: We will share in every way in the results of the investigation. If this investigation shows it is economically feasible to proceed with this matter and we are satisfied to that effect, then naturally we will be happy to share with them in future developments. It has been felt, however, that the fisheries aspect of the matter is one in which we have a very special interest, possibly a greater interest than our friends on the other side of the line, and therefore we have taken a special responsibility in regard to that aspect of the investigation.

The cost of that part of the survey will be about $300,000. The United States will be putting up about $3 million in this investigation, but that does not mean the ratio of our interest or the ratio of our participation in the results of the investigation will not be 50-50. There have been technical experts on our side, I know, and my hon. friend knows this better than I do, who in the past have been sceptical about the economic feasibility of this development. It has already been investigated.

Mr. Brooks: Some have been optimistic, I might say.

Mr. Pearson: Yes, some experts have been optimistic about this, possibly more on the other side of the line than on this side. However, the investigation is going to take place. We must all hope that as a result it will make possible a power development which will be economically advantageous to that part of Canada, and will not interfere with our very important fisheries industry.

I think there is nothing more I can add at the present time, Mr. Chairman. I am sorry this reference was not before my hon. friend prior to today. We have been doing our best to get the United States government to agree to a joint reference. We had ourselves agreed on terms some weeks ago. They have been considering it in Washington ever since, and we received their final agreement to this particular document only yesterday.

Item agreed to.

Terminable services—

111. Colombo plan, $34,400,000.

Mr. Nesbitt: I might say, Mr. Chairman, that the question of the Colombo plan was discussed in some detail in the committee

and I shall not take the time of the house in repeating all the evidence that was produced there. However, I would like very briefly to indicate the point of view of a great many members of the committee, in fact I think I would be safe in saying practically all members of the committee.

There was a considerable interest in the Colombo plan revealed in the committee, probably a greater interest than in any other single item. Most of the members of the committee I listened to felt that the government would increase the appropriation for the Colombo plan in coming years. Mr. Nik Cavell, the witness who appeared before the committee, indicated that it was not always possible to spend all the money that could be spent because there were not always technicians readily available. In the light of what Mr. Cavell pointed out, there was some hope expressed that through the co-operation of industry and so on, if further moneys were advanced by the government for the Colombo plan we could obtain this technical assistance. In other words, the intimation was that if more money were advanced by the government in the coming years for the Colombo plan Mr. Cavell could certainly find the technical assistance to carry it out.

The question of the Colombo plan is something which is of great interest to the general public, at least that is the case in my part of Canada. During the last three or four months I have received 70 or 80 letters not only from individuals but from various organizations including missionary groups, the women's institute and various church groups as well, concerning the request I put forward in this house that the government should increase its annual appropriation for the Colombo plan. From what I have been able to learn many other hon. members have also received similar letters.

It is to be hoped that next year the government will see fit to increase this annual appropriation for the Colombo plan. We all know that the Soviet union and its satellites have apparently adopted a new method in their aim for world domination, and the new method, as all hon. members know, is the smiling war, the economic war, the handing out of promises of more assistance than we are giving to those parts of the world that have not taken sides as between the east and the west.

I think it is worth while on this point to note that since hundreds of millions of people in India, Pakistan, Indonesia and parts of Africa have just recently regained their political freedom, they are now very anxious to obtain their economic freedom as well.

[Mr. Nesbitt.]

It is probably quite truthful to say that most people in these countries have never had enough to eat at any time in their lives, and now when they have obtained their political freedom they see an opportunity for economic freedom so they will be able to get enough of the necessities of life. Naturally they will be very anxious to look to any country that promises such help, regardless of its political ideology.

The people to whom I have talked who have spent a considerable time in those countries and speak with some authority on the subject point out that people who have not enough to eat are not interested in political ideologies. I think that is something any hon. member could easily understand. They tend to look with favour on countries that promise them aid and so on. I know that in previous debates in this house various hon. members have shown the amount of aid the Soviet union is promising to these various so-called underdeveloped countries, and an article in one of the principal newspapers of Jakarta, the capital of Indonesia, which pointed out that aid under the Colombo plan was a mere pittance by comparison. Of course the Soviet union apparently has not delivered much of the aid it has promised these various countries, but there is little doubt that it could, if it wished, deliver a good deal, particularly in the form of technical assistance and machinery, since it has been pointed out in this debate and many times in this house before that the Soviet union is no longer a land with an ox-cart economy.

Bearing all this in mind, and particularly in view of the great interest in this country in the Colombo plan, the government should see fit to increase the appropriation in another year. If nothing else, it is a matter of self-defence. Apparently the Soviet union is going all out in an attempt to gain the minds of the so-called underdeveloped countries and, if you will pardon me for coining a phrase, it is entering the mind by means of the stomach, so to speak. Unless we want to see all the sympathies of the people of these countries slip away from us, it is in our interest to increase aid to them.

There is one other matter I wish to mention in this regard, and that is the question of training people from underdeveloped countries to help themselves. All hon. members know, I think, that many students from Pakistan, India and so on have come to this country and obtained training of one sort or another. I believe the hon. member for Kootenay West mentioned this morning that he thought it was a very good idea for the students to actually work, if necessary, in our factories, farms and so on.

I should just like to say that I have had some experience of that in my constituency. We had nine students from Pakistan who were there under the Colombo plan. They were learning about farm machinery at the Massey Harris Ferguson plant in my city, and they were there for about six months. They lived in homes throughout the community. They took part in all the social activities of the community. They played badminton, took part in little theatre activities, spoke at the service clubs and so on. They were invited out socially at all times and everybody, if I may say so, treated them very hospitably and, I might even go so far as to say, made a fuss over them. This treatment was genuine and from the heart, and I am quite sure it would be the same in any community or small city in this country.

After those people went back to Pakistan I received letters from them, as did many other people in Woodstock. The impression that was created in their minds as to the merit of our way of life is something those people will never forget and will carry with them always. Now that they have gone back to Pakistan they will hold positions of considerable importance in the country, and they cannot help having a very great influence on the thinking of the people with whom they associate. I have no doubt that the administrators of the Colombo plan will continue to carry this out. I think it is something that can be carried out and expanded, because I can think of no better way of selling our way of life to people in the eastern countries.

Mr. Stewart (Winnipeg North): During the past year or two, very often the Soviet union has been either threatening or promising—I am not sure which it is—to indulge in large-scale schemes of assistance to underprivileged countries. I am not sure that their performances have matched up with their promises, but we would be making a very serious error, as has been pointed out before, if we in the west tried to enter into some form of competition with the Soviet union in the giving away of forms of assistance. The most productive way of stopping this rivalry, of course, is through the United Nations. If the Soviet union is really serious about improving the lot of the underprivileged people of the world, and if we are really serious about improving their lot, then let us together help them through the only international agency which really can do it; that is, the United Nations.

I see no reason why Canada cannot do far more than we have in the past to make the special United Nations fund for economic aid a reality. If we want to avert this competition in give-aways with the Soviet union, we can only do it through the United Nations, and we in Canada have to do far more than we have in the past through that agency.

I, too, would like to see the funds allotted to the Colombo plan increased, as would all my colleagues. But, important as the Colombo plan is, I do not think we ought to forget that, taking the over-all picture, the assistance which can be given by the United Nations in the long run would be more important. I have always opposed unilateral programs of giving money and assistance to other nations, because no matter how generously it is done or how genuinely it is done, there nevertheless rests in the minds of the recipients a certain fear that the donor has perhaps some ulterior motive. However, if we were trying to help the underprivileged people collectively through the United Nations, then I am sure that fear would disappear.

Yesterday the minister told us that the increase in the funds allotted to the Colombo plan was very substantial. There is an absolute increase of $8 million, which even these days is substantial, an absolute increase of some 32 per cent. But when one breaks it down into the per capita contribution by the people of Canada, what does it amount to? In our supreme generosity, from the fund of wealth we have in this country—and next year when there is an election we shall be told how well off we are—we are only giving away another 5 cents per capita per month. That is what $8 million amounts to. I am convinced that were there any will in this government to do better, they could do so, because they would have the support of the people of Canada. Time after time I have said in this house that the Colombo plan has caught the imagination of the people in a way much more obvious than, of course, has NATO.

I say we could make a much more substantial increase, and I am convinced it could be used productively. The minister yesterday reminded us that we could advance money to our friends under the Colombo scheme and it could be wasted. That I grant. But we can also waste money in this country just as easily and just as expeditiously. However, I doubt very much whether there would be the waste which perhaps some fear.

Let us take the case of India alone, and what applies to India of course applies to other nations. Within the next five years the Indian government intends to invest some $10 billion in capital goods in that country. I do not think for a moment that the Indian government has that amount of money behind it, either in its own treasury or in the savings of the people. Then how is it going to finance this great scheme of

industrialization, which is only another five-year plan, another instalment of a general plan? Either India has to get more generous help—I am not talking about gifts but about loans at low rates of interest—from the more fortunate nations of the world, or India is going to print paper money, and the result of course will be devastating inflation with all the social consequences which will ensue.

I am quite sure that India and the other Asian nations who are partners of ours in the Colombo plan could very productively use much more money than we are prepared to give. We also ought to remember this fact, which a recent United Nations economic survey has pointed out. We industrial nations find that our standard of living is constantly rising, but the nations which are the primary producers of the world, the nations of Asia, find that their standard of living is constantly falling, so that as the years go by there is a greater disparity between the industrial nations who have much of the riches of the earth and these people in Asia who have not. We can afford to give much more than we have given, and I am convinced that the people of Canada would like to see it done.

But there is another aspect of the Colombo plan or of any other plan such as this. This, after all, is a plan to assist other nations, aid from government to government. I am not yet convinced that is always the best way of achieving the end we have in view, and I am certain that the end we do have in view is that of improving the lot of the less fortunate people in this world. Just a few months ago a brief was presented to the Gordon economic commission by the United Church of Canada, of which I happen to be a member, and if I am critical of that body then I am inferentially critical of myself. But this brief said in part:

> Empty stomachs do not linger over the dissertations on the advantages of democracy. They go where food is and make friends with those who can provide it, without too much regard for political theories. If communism outwits and outruns the western world in feeding the hungry, we will have only ourselves to blame.

That is true. The United Church brief asks the government to do very much more than is covered by these estimates, and I am convinced that the government should have done very much more. But there is something else which the people of Canada can do. I believe the government of Canada ought to give the lead, but I think the people of Canada as responsible citizens ought to ask themselves, what can we do as individuals? I remind the committee of a scheme started in Norway two or three years ago, when the people of Norway collected money amongst themselves to give to the less privileged people, a gift from people to people. A gift from people to people is a much more significant thing than a gift from government to government.

The other year I put a proposition before the congregation to which I belong, which happens to be a fairly well off, middle class congregation of about 1,500 people. I suggested that we might all perhaps give the sum of $1 each, no more and no less, not somebody giving $10 and nine others giving nothing, but that each of us might give $1 each as a gift to less fortunate people in another part of the world, a gift obviously without strings attached, a gift without any connotation other than that we felt a sense of brotherhood and a sense of responsibility for those who were not as well favoured as were we. I received the most inestimable assistance from Mr. Escott Reid, our high commissioner in India. I wrote telling him what the plan was and asked him if he could find in the area of New Delhi a village of perhaps some thousand souls who might be able to use productively as a gift from Canadian people the sum of $1,000.

Mr. Reid went to great pains and great trouble. He located a village, sent me photographs of it and gave me a breakdown of the social characteristics of the village. I thought for a while that I had sold my colleagues in my congregation on an idea which I considered worth putting into practice. Unfortunately I was wrong. The matter came before the governing board of the congregation and they took the position that this was the responsibility of government. I think that was an abdication of citizenship. We cannot pass everything to government. Individuals themselves must take some responsibility, and I suggest to the officers of the United Church that they approach their own congregations and see if we as individuals in Canada cannot build up a scheme whereby in our own small way we will do something to show the people of Asia that in our own well-being we have not forgotten them.

Two Canadians did do something about it, and I believe the minister knows of this case. A couple of Canadians who live in British Columbia, Dr. and Mrs. Naranjan Grewall, went to India two years ago. Dr. Grewall happens to be a native of the Punjab. He had come to this country as a young man, worked hard, arduously and successfully, and he took his Canadian wife back to the area where he was born. He saw once again the poverty from which he himself had fled. He saw the need of the people in that community. He saw children who had no building in which they could be taught.

There was no school of any sort whatsoever. He said right then and there, "I am prepared to build you a school. I have gone to Canada and have been lucky. That is now the land of my adoption. I should like to share some of my wealth with you in the land of my birth." He built a school for the people of his native village.

A little later his wife, Mrs. Grewall, offered to build a hospital, and it is now being built. The school was opened by one of the officials in the office of the high commissioner. There, I think, is a very practical example of citizenship at its best, the sort of citizenship that realizes that out of our own wealth, out of our own well-being, we must give some part to help those who are less fortunate and less well favoured.

This does not in any way mean that the government can abdicate responsibility for giving leadership, but I do think the people of Canada, if they were given the proper lead, would be ready to play a much more significant part in helping others by way of gifts from people to people.

Mr. McIvor: Mr. Chairman, I do not hesitate to congratulate the minister on increasing our gift to the Colombo plan by $8 million. I think that has been endorsed by all Canadians. But, Mr. Chairman, I am not going to get on the band wagon and say that we should give another $10 million or $20 million. I do not forget that the Leader of the Opposition, the leader of the C.C.F. and others—and I agree thoroughly with them in their position have said that there should be an increase in the pensions of civil servants who are not getting enough to keep them living. I can give as examples some cases where they do not get two meals a day. I know the good book says that charity begins at home. I say it begins at home here with respect to the civil servants who have spent their lives in the service. I think of one man especially. He was a mail carrier. He is getting $85 a month, and he is keeping a wife who is ill. I think those civil servants have the first call. I am not going to vote for any increased contribution to the Colombo plan until these civil servants are taken care of.

Mr. Dinsdale: I want to join with the other hon. members who have spoken in support of the increase in the assistance to the Colombo plan this year. I do so because I feel that it is one of the most positive aspects of our Canadian foreign policy. It seems to point in the direction of the new diplomacy of economic assistance. Canada has come through various stages of assistance to underdeveloped countries since the war. After the war Canada took part in aid to Europe, which was largely based on the need for reconstruction in war-devastated areas. Then indirectly through the Marshall plan we rode on the United States coat tails in further assistance to Europe. Today I feel that in the Colombo plan, in the program of mutual aid and technical assistance, we are pointing in the direction of an objective in the field of external affairs that is greatly to be desired, namely the time when we shall be able to match our program of military assistance with a program of technical and capital assistance.

The reason I wanted to say just a word at this time, Mr. Chairman, is that I feel that in the Colombo program we are making a real contribution to the moral aspects of the problem of international relations. It is a program that is carried out largely within the framework of the commonwealth. I have always felt that Canada's position as a member of the commonwealth of nations places her in a very favourable role so far as international affairs are concerned. But during a short stay at the United Nations last fall I was very much impressed to find that actually it is Canada's position as a commonwealth nation that gives us a role in world affairs, as one of the middle powers, far exceeding in importance that which our numerical and economic strength would otherwise justify. I think this commonwealth Colombo plan is evidence of the excellent contribution we can make in this regard.

The commonwealth is one of the few positive moral forces in world affairs today. We had the Earl of Home speak to us recently, and I was impressed as he gave us his interpretation of the new role of the commonwealth in world affairs. He referred to it as a positive moral force. He referred to it as a community of nations which is actually operating in that respect in this day when we are depending upon an atomic stalemate to give us a rather uneasy peace or, in the phrase often used by the minister, to establish a balance of terror. It is an encouraging aspect of Canada's foreign policy that we are able in this way to make a positive contribution to the role of Canada in world affairs. It is one that we trust we shall be able to increase as the years go by, as the immediate military emergency declines and as we are able to move into the more positive external affairs policy of providing economic assistance rather than military assistance on a large scale.

On this point, Mr. Chairman, there is just one question that I should like to present to the minister. In making personal contacts in the UN with members of the delegations

from the southeast Asia countries, especially the members of parliament from those countries, I found that they had an extremely warm attitude toward Canada. We are not suspect in any way as a colonial power. Our background is absolutely beyond suspicion in that regard. We thus have a tremendous advantage in promoting the program of the west in that very important arena of world affairs.

However, I had pointed out to me by several of these representatives the fact that very little literature presenting the western viewpoint is available in cheap form. It would appear that the U.S.S.R. is making available all sorts of penny pamphlets telling of all the marvellous things the Soviet is doing or is intending to do in this new phase of foreign policy, of economic and technical assistance. These pamphlets are made available at a nominal sum to the millions of people in these Asiatic countries, and they are read avidly. They are mainly political tracts.

On the other hand, these people who have been in touch with the situation point out that there is available very little cheap literature presenting our side of the story. The only books they saw that would be within the price range of the ordinary people in those countries were our cheap paper-back novels. I am wondering whether that is a legitimate observation, and whether the Department of External Affairs has any interest in this particular problem.

Mr. Gillis: Mr. Chairman, I should like to say just a few words on this particular point. There are a great many things that I should like to have said on the minister's estimates, but some of us were tangled up with the labour estimates. At this stage of the session it is necessary to figure out where one is needed most. I figured that my main concern was at home, so I stayed with the Minister of Labour. I knew, of course, how well our interests in this department were being looked after by the hon. member for Winnipeg North Centre—

An hon. Member: The hon. member for Winnipeg North.

Mr. Gillis: Yes; I mean the hon. member for Winnipeg North. The hon. member for Winnipeg North Centre is so prominent around here that everybody forgets that there is any other Winnipeg member.

The particular matter under discussion, namely the Colombo plan, is something that I believe we should think about a little bit more. I am not concerned about the amount of money, provided it is spent in the right manner and provided that the people who are contributing it are getting some credit for doing so. I might say that I have always taken the position, and I always will, that the United Nations was set up for the purpose of handling all the problems of rehabilitation after the war and the maintenance of peace. That organization has within it all the machinery to take care of all the problems that we are attempting to sort out on a regional basis. Because we are getting away from the United Nations, in my judgment it not only weakens the United Nations but it will make for a lot of duplication and waste in the money that is appropriated for such purposes as economic aid under NATO or the Colombo plan which have separate administrations.

I am not so sure whether the ordinary people who are the recipients of such aid under the Colombo plan are getting the full benefit of it or whether the countries contributing are getting any credit for it. The history of aid for the last 15 years, at least in countries such as China and Egypt and others, has been that it has not paid off by way of friendships. The governments presently in power in those countries which need economic aid take the money and distribute it for their own purposes, so very little is made known to the people as to the country that was the source of the relief.

My main point in making that statement is this. If you take a look at the United Nations set-up you will find that, starting with the general assembly, the security council, the trustee council and those small bodies, which with their secretariat run the show, built around that organization there are committees and commissions designed to take care of every problem connected with rehabilitation and maintenance. I do not believe the scheme of taking pieces out of the U.N. and setting up duplicate organizations in every part of the world is going to strengthen the U.N. in the final analysis. In my judgment, the future peace of the world will hinge upon the proper operation of the United Nations as such. For example, if it is desired to distribute food to any part of the world, there is an adequate organization connected with the United Nations to take care of it, the world food organization. When it comes to building up and taking care of the children of the world, there is also a committee of the United Nations functioning for that purpose.

As the hon. member for Brandon-Souris said a moment ago, the Soviet union makes a lot of promises on paper. Canada and the other countries of the commonwealth contribute a great deal towards that children's fund through the United Nations. I have

seen a lot of films and a few magazine articles on this subject, but I have never yet seen a film in which there was one Canadian shown. It is always United States nurses, doctors and technicians. No other country has received any credit in any of the films or articles that I have seen, except the United States. Now, perhaps the United States is the only country that has doctors, nurses and technicians out in these far-flung parts of the world.

A moment ago the hon. member for Winnipeg North suggested that we could set up a citizen to citizen organization in this country through which we might make our contributions individually. Such an organization is already in existence, with all due respect to his efforts. There is a national organization now with headquarters in Ottawa at 106 O'Connor Street and that is known as CARE. I received a copy of their 10th anniversary report in the mail. It shows that in this very field in which the Colombo plan is working, in the last 10 years they have distributed some $7 million. This has gone towards providing some equipment, aid to children and general rehabilitation in those countries that require aid similar to that for which the Colombo plan was designed. So, there is an organization and that is the address. Anyone who wants to make a contribution to any section of the world in which relief is needed will find that is an international organization set up for that purpose. The hon. member for Winnipeg North did not get the co-operation of the church organization, but the parishioners who were ready to gather $1,000 can send it in to CARE and parcels will be made up and shipped to any section of the world where assistance is needed. I am only trying to help the hon. member, I am not criticizing.

Now, Mr. Chairman, that is about all I wanted to say. I wanted to stress that we should take advantage of those agencies that have been set up around the United Nations. If we have anything to contribute to any section of the world there are these trained people heading up these different committees and commissions of the United Nations through which we should channel our contribution. Any section of the world that is getting relief should get it through the United Nations. As I have said many times, I do not think putting people on relief, nation by nation, is going to make any friends for us. It is like backing a note at the bank for one of your friends. He may be a good fellow, but he generally defaults on that note. He resents you forever after, so you have lost a friend and you have lost your money. I think that is equally true of Canada putting India or some other section of the world on relief. If the relief is given through some United Nations agency, the money is channelled through it and you avoid duplication. Then, too, the proper organization gets the credit. We all contribute to the United Nations. I wish I had been in the house earlier for the minister's estimates because there are several things I would have liked to say. I will not say them now because they might open up a whole new series of speeches.

Mr. Enfield: I will not add to the length of the debate or the erudition of the discussion with the few remarks I wish to make. I just want to say a very few words—if that phrase has any meaning now—to put something on the record which I think might be worth putting on the record. This refers to a petition I received from a United Church. When my petitioners receive this copy of *Hansard*, which I will send them, perhaps they will read the remarks of the hon. member for Winnipeg North at the same time and perhaps his remarks will not fall on barren ground.

This is a petition from Washington United Church in Scarborough and reads as follows:

> Dear Mr. Enfield,
>
> It has been brought to our attention that consideration is being given by the parliament of Canada to an increase of $9,000,000 in Canada's contribution to the Colombo plan. We, the undersigned members and adherents of Washington United Church, Scarborough, believing that moneys thus spent are well spent for peace, urge you to use your influence in support of this increase.

This petition is signed by over 51 members of the congregation and happily I was able to report to them that, although the increase was not $9 million it was $8 million and this is a very substantial increase indeed. I think this is the type of expression of opinion that is very important to us and very encouraging indeed. It comes to me unsolicited and as a complete surprise. It shows us all that the people of Canada—I think these people speak for the majority of the people in the country—are extremely interested in the type of help that we are giving under the Colombo plan, which is the finest type of help because it helps other people help themselves. I would encourage the government to carry on in their liberal attitude in this regard. I think we can spell "Liberal" with a large "L" and a small "l" in this context. The government should carry on its good work and gradually increase our contributions to the Colombo plan as long, of course, as they are consistent with common sense and good economy.

Mr. Nesbitt: Just one question. I mentioned earlier that most of us were quite glad to see that the Colombo plan appropriation was increased by $1 million this year.

As I recall what was said in the committee, actually this $8 million is not an increase for this year. As I understand it, most of this $8 million is to be expended on the atomic reactor to be built in Bombay, India. Actually, it will be spent in slightly more than two years. Therefore, there is not an $8-million appropriation for the coming year but rather it is to be spread over a period of time amounting to 28 months, I believe. Perhaps the minister might comment on that.

Mr. Pearson: Mr. Chairman, before I deal with that last point I would just like to say that I am in hearty agreement with all of the things that have been said in the house as to the value of the Colombo plan, both in terms of international friendship, political co-operation and economic aid, so that the underdeveloped countries may be able to help themselves.

I agree with the hon. member for Cape Breton South that it is undesirable to duplicate activities of this kind, and when otherwise practicable it is a good thing to do everything we can through the United Nations. But there is room, I think, for a commonwealth initiative such as the Colombo plan. It has, in certain respects, some advantages over the multilateral aid under the United Nations; although I certainly do not think there is any contradiction between the two because, under the Colombo plan, we can make arrangements directly with the country that we are assisting. We can share with the experts, the technicians and the workers of that particular country the construction of the project in question, and I think that has some obvious advantages. But we must not expect to get credit for these things. If we do these things merely in the hope that we are going to get a lot of credit, as my hon. friend said, we will be disappointed.

I think he suggested that the United States, in some of the pictures he had seen, was getting all the attention and therefore getting all the credit. I think there are a lot of Americans who would question how much credit they are getting in some of their activities in this field. That brings me to the point made by the hon. member for Brandon-Souris on the desirability of publicizing more what we are doing and, I am sure he meant by "we" not only Canada but other countries of the western world. He had a very important point there. I have had personal experience of the inadequacy of our own side in this regard. It is quite true that when you travel through Asia, if you happen to stop at a station in India, in Pakistan or in any Asian country, you will see a lot of literature, Marxist literature, or communist propaganda literature sometimes disguised, that sells commercially for a penny or two. It is very hard for some of the people in those countries to pay more than a penny or two, and it is very hard for them to find any literature expressing our way of life for a penny or two. There is obviously some subsidizing going on. I have more than once interested myself in this aspect of our general propaganda activities and I have often expressed the hope that we could form amongst ourselves, not as a government enterprise, but as a private enterprise, some kind of international book society which would devote itself to the distribution of that kind of good western literature well below cost with a subsidy which would be received from official sources.

I have now to go from the sublime almost to the ridiculous. We have increased our vote for books and subscriptions for presentation this year from, I think, $2,000 to $10,000. Therefore, we have $8,000 more with which to distribute literature on this subject.

Then, there is the last point raised by the hon. member for Oxford. The increase—and I share in the general satisfaction expressed about this increase—is $8 million this year. It could be more. There could always be more; but I am glad we have $8 million more, and it will enable us, I think, to increase our activities under the Colombo plan, with the qualification that has already been expressed that one of the difficulties is getting suitable experts, technical people, to carry out the projects which we already have under way. That $8 million is for the financial year. It is an additional appropriation for one year, but under our system, which has been approved by parliament, any unexpended funds during the year can be carried over and I think we have already about $3 million unexpended funds from a previous appropriation. It is expected that this $8 million will be spent during the next year.

Mr. Nesbitt: Just one question: Is that $8 million entirely for the atomic reactor?

Mr. Pearson: No, Mr. Chairman. It is thought that this $8 million will take care of our expenditures for the atomic reactor, and probably more than take care of items in the coming year; but it is not earmarked specifically for that purpose. If we had not received this increase this year it might have been more difficult for us to undertake this additional commitment.

Mr. Nesbitt: I am sorry to keep labouring this point. I realize the hour is getting on.

Some hon. Members: Carried.

Mr. Nesbitt: Mr. Chairman, I want to go on but I shall wait until the noise stops. At

page 151 of the minutes of proceedings, No. 6, of the standing committee on external affairs, Mr. Cavell, in reply to a question of Mr. Michener, said:

> No, it was last year. We had $25 million in the first two years and $26 million last year and that increase of $1 million was provided for technical assistance to countries to which we had not given technical assistance. The increase this year is from $26 million to $34 million and that takes care of the reactor to India which cost $7 million.

Mr. Pearson: That is correct, Mr. Chairman. If we had not obtained that increase we would not have been able to accept this extra commitment for the reactor without cutting down on some of our others. We expect to spend about $5 million this year on the reactor; but I do not think there is anything inconsistent between what I have said and what my hon. friend has read. We did not earmark the $34 million for any specific project in whole or in part, or any part of that money; but without that $8 million we might have found difficulty in carrying out the existing projects in which we are engaged and adding to them.

Mr. Argue: Mr. Chairman, I think there is general agreement in the house that the provision for aid under the Colombo plan is a good one. There are some of us who would like to see such provisions made through the United Nations. Whenever, for some reason or another, it does not appear feasible, we certainly support a commonwealth program like the Colombo plan.

I do not think that in the general field of economic assistance Canada is measuring up. I believe that in relation to the needs of the world, in relation to the needs of democracy, in relation to Canada's ability to provide assistance, we are doing a dismally poor job. Even with the increase in the Colombo plan provision our contribution is just over $2 per capita for the year under review. It is something less than one-seventh of one per cent of our gross national product.

I was amazed at the remarks of the hon. member for Fort William when he said that as far as he himself was concerned until the government did something to improve the lot of a certain group of Canadians he was opposed to any further increase in provisions under the Colombo plan.

I do not think any modern nation would be making progress in the world today if its governing representatives took the attitude that until a given situation were improved they would not do anything to help anybody. I think the hon. member's view is one that is not shared by a majority of Canadians.

I have taken some interest in the Colombo plan for some time. I do not know all the details concerning how it operates but I am aware that certain allocations have been made to counterpart funds, as they are called, in the past. According to the minutes of the external affairs committee for June 7, 1955, steam locomotives valued at $23 million were sent to India and the account had been set up as a counterpart fund. The same is true of trucks, buses and workshop machinery valued at $4 million, copper and aluminum valued at $5 million, and so on. Under the Colombo plan in the past certain provisions of grain have been made to India totalling $15 million, to Pakistan totalling $5 million and flour valued at $1,300,000 was sent to Ceylon.

I would like to learn from the minister what has been done recently under the Colombo plan to explore with India, Pakistan, Ceylon aid other nations that participate in the plan the possibility and practicability of making additional funds available for the purchase of food from Canada and the provision of that food along the same lines followed in the past.

There can be no argument to the effect that Canada does not have the food. The crop year is just ending and while these are tentative estimates it has been estimated that even with the increased sales in the crop year just ended the carryover of Canadian wheat will be up some 23 million bushels. Although the prospects for a large Canadian crop of wheat were rather doubtful six weeks ago it now appears that if good weather conditions prevail over the next four weeks the chances are this year Canada will produce only slightly less wheat than was produced last year. There is no question about our not having an abundance of wheat. The question is, can India use additional quantities of wheat?

India is not receiving any wheat from Canada now. In the crop year just ended India did not purchase a single bushel of wheat from Canada for the first time in many years. In 1951 India obtained 18 million bushels of wheat from Canada, 14 million in 1952, 4 million in 1953 and in the period 1954-55 the purchase dropped to 2.3 million bushels.

From information I have been able to obtain I believe India wants more wheat and needs more food. As a matter of fact, an associated press report which appeared in Canadian newspapers on June 28 last indicated:

> India today announced its decision to open negotiations with the United States for the purchase of 3 million tons of wheat worth more than $200 million.

That would amount to negotiations for the purchase of a quantity in excess of 100 million bushels of wheat. The report went on to say:

> Informed sources said India hopes to obtain as much wheat as possible under the U.S. surplus program which would enable India to pay rupees and then borrow the money back for economic development projects.

It would appear from this report that India is entering into negotiations with the United States to obtain a large quantity of United States wheat under precisely the same type of arrangement by which India purchased substantial quantities of wheat from Canada a few years ago.

I am asking the minister if the Colombo plan officials have discussed with India and other nations involved in the plan whether they need additional food and whether the Canadian government would be prepared to provide additional funds in order that such food may be made available?

Mr. Pearson: Mr. Chairman, we have discussed with the Indian, Pakistani and Ceylon governments on accasion the provision of food under the Colombo plan and it has been agreed that the Colombo plan should not be used for that purpose except in a case of emergency and that it should be restricted to its original aim which was the provision of capital and technical assistance.

It is quite true that we have provided Pakistan and India with wheat—I think in 1952 and 1953—for which counterpart funds were set up, but those were during emergency food conditions. I think there was a famine condition in India at that time and we were requested by India as an exception to the agreed principle to provide food under the Colombo plan. They have made it quite clear to us that normally they would prefer to receive our help under the plan in the form of capital and technical assistance.

One form that assistance takes is in irrigation and power projects. We have participated in such projects. The irrigation part of these projects makes possible the growth of food in the country concerned. We have made it possible notably in the Mayurakshi project, for hundreds of thousands of agricultural acres to be brought under cultivation. In the long run that is of much more help to India than sending food directly from Canada.

It is also my information that India had a good crop this year and does not require wheat to meet the needs of her own people. She may have made a special arrangement under advantageous financial circumstances with the United States; however, I am not aware of it. The Colombo plan was not designed for this purpose and we have been told by the three governments in question that they would much prefer our contribution to take the form of capital and technical assistance under the Colombo plan.

Mr. Argue: I do not know whether or not the minister understood my question. I was not asking him whether the money now appropriated under the Colombo plan or any part of it could be used for the purchases I referred to. I can well understand the position of India that they would be prepared to tighten their belts today in order to go forward with irrigation and other development projects in order that they might have an abundance of food in the future.

My question was this. Has any consideration been given in discussions with India as to whether she would purchase substantial quantities of grain from this country if our government were prepared to allocate funds in addition to the funds that are now being discussed?

Mr. Pearson: No, Mr. Chairman. I am sorry if I misunderstood my hon. friend. To my knowledge we have not discussed additional funds to be provided under the Colombo plan for this particular purpose with any Colombo plan government.

Mr. Argue: Did I understand the minister to say when he was speaking formerly that India has no need for wheat in the immediate future? If that is the case, is the minister saying that India is not now undertaking negotiations with the United States for the purchase of an extremely large quantity of wheat, namely over 100 million bushels?

Mr. Pearson: No, I did not say that, Mr. Chairman. I am not acquainted with that particular negotiation. When the estimates of the Department of Trade and Commerce are under discussion they will deal with exports of wheat specifically and my hon. friend can no doubt obtain some information concerning that aspect of the question.

All I have said is that while we are anxious to sell wheat wherever we can, and India is included in the countries with which we would like to do business, I have been informed that India had a good crop year and this makes it unlikely that she would want to obtain much wheat from Canada.

I went on to say that we had not discussed with India or any other country an increase of this kind to our appropriations under the Colombo plan because the Colombo plan was not designed for that purpose. The Colombo plan was designed for the provision of technical and capital assistance.

Mr. Argue: Someone in the government is falling down very badly. I am surprised that, with the plans under the Colombo plan, such a discussion, at any rate an exploratory discussion, has not taken place. The minister said that India does not require wheat, but in the crop year just ended a few days ago, according to the very latest report, whilst India did not purchase a single bushel of Canadian wheat in that crop year, it purchased from the United States 10,170,000 bushels and from Australia 6,170,000 bushels. So India is buying wheat. India is buying wheat from countries other than Canada, and India is now, according to this report, having discussions with the United States to get a very large quantity of wheat and on precisely the same kind of terms as Canada dealt with India a few years ago.

Mr. Low: I am interested in this discussion between the minister and the hon. member for Assiniboia. I have been interested in the Colombo plan for years. I am very glad to see the increase in the appropriation. I believe that it will be all to the good to make available larger funds for the work which, the minister said, is so well in hand. I am also inclined to believe that the Colombo plan was never designed for the purpose of distributing relief foods for other products. I can understand the anxiety of the hon. member for Assiniboia in the light of the fact that we have a very large surplus of wheat in our country.

Mr. Argue: And these negotiations with the United States.

Mr. Low: And the negotiations that have gone on with the United States, but I am also of the opinion that the distribution of surplus products and commodities ought to take place through such an organization as was envisaged by the Food and Agriculture Organization a few years ago: an international commodity clearing house. Until we get such an organization set up and working effectively, I am afraid that we shall go on as we are at the present time, with countries needing and going without while other countries have their large surpluses, and perhaps surpluses that may eventually be destroyed or deteriorate. If we press more strongly for the international commodity clearing house, which was turned down some years ago—

Mr. Argue: And by this government.

Mr. Low: Unfortunately, it was not pressed too strongly by the government.

Mr. Argue: The government opposed it.

Mr. Low: But I can quite understand the position of the minister in connection with the Colombo plan. These funds are made available more for capital assistance, the purpose being to make it possible for the people who are the beneficiaries of the plan to help themselves; not so much to bring relief at the moment. I think that is what they want: capital assistance, the building of works, increasing their capability of production. I think that is right. I can understand why the minister would hesitate to offer much encouragement that we could distribute our surplus wheat under the Colombo plan, but I think the hon. member for Assiniboia is quite right in pressing for the recognition of a need there. That need is growing, and it seems to be daily more impressive.

Mr. Nicholson: In the meantime they should have all the bread they need.

Mr. Low: I think that is correct. As long as there is surplus food in the world, certainly it should be made available through some means to the needy people. There is great virtue in some of the things said by the hon. member for Winnipeg North earlier this afternoon. He thought that gifts of produce, foods and other things, from people to people would be the ideal arrangement. I think it would be, too, if you could get the people to do it.

We have got into the habit of looking to the government for almost everything. If anything goes wrong, we say that the government is to blame. However, frankly I believe that such a thing as providing relief to other nations could very well be undertaken by private agencies and the citizens of a country where the surpluses exist. I can see the possibility of forming an organization of the people themselves. That has been done; I have seen it done. Our people for many years —and when I say "our people" I mean my own church group in particular—have formed what we call a church welfare program. Under that program we co-operate in building up a stockpile of all kinds of produce. That is not the general stockpile of the nation; that is supplementary to the stockpiles of the nation, one we build up as a consequence of a co-operative effort amongst ourselves and in our spare time. That is set aside, put into warehouses and prepared thoroughly; what has to be preserved is preserved, and so on. We had done this for years and, when world war II was over, within hours we had trainloads of those goods on their way to the seaboard where they were trans-shipped and sent to Europe and distributed as from our people to the people there who needed them. There was no thought of getting credit for it. We thought only of making available to those people, out of the surplus of goods we had, enough to keep them from starving.

That principle is good. It is a sound principle, and particularly what it would do for the people who produce and made available the commodities is something we cannot possibly estimate. It would be far more effective than if we looked to the government to do it all. Just the same, in relation to this business of distributing surpluses of produce, particularly foods, throughout the world, we need the international commodity clearing house set up. The sooner we can get it, the better it will be. I commend the minister and his department on what they have been doing with regard to the Colombo plan. It has been something you could not have done through the United Nations, with all the intransigence of some of the members of the United Nations. It is filling a tremendous need, and the people who are the beneficiaries of it are remembering that Canada is putting up a sizeable sum of money each year, which can be increased, I am sure, as technical assistance and technical direction are made available so that the money is properly spent. I agree with that principle.

Mr. Diefenbaker: I had not intended to say anything on this matter until my hon. friend from Assiniboia raised this rather interesting suggestion. However, since he has done so, I should possibly say, to begin with, that over the years I have been a most strong supporter on behalf of an increase in the amounts being expended under the Colombo plan.

I have a strong recollection of an occasion in 1951 when, having been in Australia and New Zealand and having met there with representatives of India, Ceylon and countries in the other commonwealth areas in Asia, I returned to Canada and asked that the amount then being expended on behalf of the Colombo plan, which was $25 million, should be doubled if Canada was to take its place among the nations of the commonwealth in preserving and maintaining our defences against the on-rush of communism. Over and over again at the parliamentary conference in Australia and New Zealand the representatives of those countries warned us that, unless material assistance of this type was forthcoming, in a few years communism, by its propaganda and by its promises of improving the economic lot of the peoples of those countries, would make invasions into the hearts and souls of the peoples of those countries to a degree that might never be retrieved by the free world.

Having said that, I come to the suggestion of my hon. friend with regard to wheat marketing. I am at one with him that we should do anything that is necessary in order to secure markets for our surplus products, and in particular for our wheat. However, from that point on I do not follow the same path as he has followed. He suggests that we should get into line with what the United States is doing. To me that is a dangerous course to follow.

What the United States is doing is simply this. With its vast surpluses of wheat, cotton and the like it is going to underprivileged areas in various parts of the world, making available amounts of these surpluses and receiving a credit in the form of local guarantees and then using these local guarantees for economic assistance in those countries. What the United States is doing in fact by that policy is breaking up the markets for farm commodities all over the world. It is part and parcel of its give-away, fire sale assistance agricultural policy.

Mr. Low: That is where an orderly system of international distribution would be helpful.

Mr. Diefenbaker: Some aspects of the United States disposal plan mean disorderly distribution. The plan is having its effect and to some degree has disturbed Canada's markets for agricultural products in various parts of the world. I believe that the only way in which we can hope to compete against that policy so dangerous to Canadian agriculture would be through the medium of advances to these NATO countries with which advances purchases of our wheat and other products can be made.

What we have been condemning has been the United States attitude of going throughout the world without regard to its responsibilities under GATT and NATO and under the guise of this plan undermining our markets for agricultural products. I think it would be a dangerous course to follow to endeavour to emulate the United States in this regard. What I believe should be done is to protest to the United States government, as members on this side of the house have asked over and over again, against a policy so dangerous to the maintenance of a free economy among the free nations and so detrimental to those countries that are joined together in freedom in the marketing of their agricultural products.

In saying that I am all for the objective that the hon. gentleman has in mind, but I must say that I believe that for us to imitate the United States in this regard would be detrimental and dangerous to future farm markets, in particular markets for Canada's wheat, and would be using the Colombo plan in a manner that was never contemplated.

One of the aspects of the Colombo plan to which our attention was directed by representatives from India and Pakistan was

that the cost of transportation of wheat and wheat products was so high as to render practically useless the importation of these commodities except in emergency cases. What they wanted was some form of material assistance that would enable them in their own countries to transform areas at present unproductive into productive areas, thereby enabling them to meet their own needs.

While I am altogether in favour of the objective of the hon. gentleman, I am afraid that in adopting the course he has suggested we would be in fact following a course which we have been condemning on the part of the United States and with respect to which I for one have suggested over and over again to the government that the strongest note should be sent to the United States government indicating that by that course they are undermining the free economy of the world and denying Canada and other nations joined with them in freedom the opportunity to maintain the strongest and most effective agricultural organizations.

Mr. McIvor: I believe that the hon. member for Assiniboia perhaps did not understand what I said. Probably an Irishman needs a second chance to make himself clear. I congratulated the minister on the increase of $8 million. I support the United Nations completely, just as strongly as anybody in the house, but I think that next year we should give the first consideration to retired civil servants who have not got enough to live on. I support that before I will support any further increase in our contribution to the Colombo plan over and above the $8 million. I think that is quite clear.

Mr. Argue: I think the member for Prince Albert has completely misunderstood and misinterpreted what I have said. He said, as I understood him, that I was advocating the same kind of policy as the United States, and I said nothing of the sort.

Mr. Diefenbaker: I thought you did.

Mr. Argue: I said nothing of the sort because, as I believe the hon. member for Prince Albert well knows, the Americans do not have just the one so-called give-away policy but have policies under three different acts of congress.

Mr. Diefenbaker: That is one of the means.

Mr. Argue: This is not a give-away program at all. According to the report I read to the house, the Americans are not giving anything away. It is not a give-away. All the indignation that the member for Prince Albert was able to generate was completely misdirected because I did not say anything like what he said I did. However, if you are going to say that the whole United States policy is wrong and that Canada should not do any of the things the United States is doing—I emphasize "any"—then it means that we say to the nations of the world that unless they have hard currency, unless they have dollars, they can starve to death because we are going to keep our wheat until they find the dollars.

I do not agree with that kind of policy. We have lost the Indian market for Canadian wheat. In the last crop year just ended a couple of days ago we did not sell or send a single bushel of Canadian wheat to India, and that is what I think is wrong. I think we should adopt policies that will not only enable us to dispose of Canadian grain but will also enable us to do our part to see that the people of India, who are hungry and need grain, have a chance to obtain grain.

I want to say that the farm organizations support this point of view. The Saskatchewan wheat pool, the Alberta wheat pool, the Manitoba wheat pool and the Interprovincial Farm Union Council support this point of view. They say that wherever a nation is in need of wheat and has not the currency—the dollars—with which to purchase the wheat, Canada should negotiate with such country to the end that we may be able to accept their currency and to provide them with a reasonable quantity of Canadian wheat over a period of time. That is precisely, as I understand it, what India is endeavouring to do with the United States. It is the same thing precisely as we did under the Colombo plan a few years ago, namely provide wheat, set up counterpart funds and pay the Canadian producer for the wheat and by that means assist in economic aid and economic development.

I want to assure the hon. member for Prince Albert that I had no intention of saying that we should adopt the United States wheat policy, and I do not believe the record will show that I said that.

Mr. Diefenbaker: Mr. Chairman, may I say just one word. I am surprised at the use of the expression "indignation". There was no indignation. It was simply argument. When my hon. friend says that this is the plan of the farmers union and these other organizations, may I say that I do not believe that it is. What these organizations said is this. They said that we should take foreign currencies—that is soft currencies—for our wheat and sell for those currencies. But what the United States is doing is accepting the currency of India—and then using that currency in India for the amelioration of conditions in India. That is quite a different

proposition from the one that has been advanced on the part of the organizations to which my hon. friend has made reference. What this plan on the part of the United States simply amounts to is this: The United States has available many millions of dollars for economic assistance abroad. It says to the countries in question, in effect: We are going to give you this assistance. You accept our wheat or other surplus agricultural products. We will take your money. Then we will use that money within your territory, within the limitations imposed by the agricultural laws of the United States, in order to raise conditions and to improve the economic lot of your country. What it amounts to, in fact, is that the United States is granting direct assistance to those countries in the billions of dollars. It uses this means as one of three methods to assist needy nations and at the same time dispose of its surpluses.

Item agreed to.

114. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

Mr. Diefenbaker: This is a contribution for a grant to the United Nations relief and works agency for Palestine refugees in the Near East. In this regard I should like to ask the minister what if any advance has been made during the last year to meet the extremely serious problem created by these refugee camps in Arab countries. As one visits these camps one cannot but be impressed by the need for their existence while at the same time realizing that they constitute festering sores among the individuals occupying them. Has any advance been made in the last year towards the demobilization of these refugee people? How many were in these camps a year ago? To what degree has there been any decrease during the last year? Has the minister any message of hope that this, one of the darkest blots on the probability of maintaining peace in the middle east, may be obliterated and removed?

Mr. Pearson: Mr. Chairman, I am more anxious than confident about the nature of this problem and a solution if it. As my hon. friend has said, it is a desperate problem. It is a desperate problem economically for those concerned and it is a dangerous problem politically. In those refugee camps in Palestine I think there are about 905,000 refugees. I think that number is greater than it was when this problem first faced us. The contributions that are being made to this fund are for the purpose of relief, in order to keep these refugees alive, and also for the more constructive purpose of rehabilitation and resettlement. Not so much has been done in the latter category because the activities that have been under way for purposes of rehabilitation and resettlement have been bedevilled by the political difficulties which it seems will have to be solved before rehabilitation can take place. Some progress has been made by the agency in developing a works program—the Sinai Works Program—and some refugees have been settled in works projects of one kind and another. But there has been a very inadequate response to the challenge of this problem. The larger project of the Jordan dam which would take care of a good many of these refugees and give them employment is not likely to be implemented as long as political conditions remain as unhappy as they are. With great reluctance I say that we feel that in making a contribution to this problem now we are not making a very constructive one because about all we are doing is keeping these people alive. However, someone must do that. We must hope that future developments will make possible both rehabilitation and resettlement. So far as resettlement is concerned, that aspect of the problem is complicated by the fact that the refugees themselves want to go back to Israel. There is not room there for all of them, in and around Israel, and I doubt whether it is possible to find a solution by wholesale repatriation there, although the state of Israel has agreed to receive some. The other way to solve this problem of resettlement is to find other parts of the world—that is of the Arab world and other places—where they might be resettled. The refugees themselves are showing great reluctance to leave the camps for that purpose and are not being encouraged to do so by the Arab governments. That is all I can say, Mr. Chairman. I am afraid it is not a very encouraging report.

Mr. Castleden: I should like to ask the minister this question. Is there any possibility of increasing the amount so that these people can get a more adequate allowance than they are getting at the present time? According to reports that we receive—and there has been very excellent commentation here through the C.B.C. recently—it is not adequate. Is there any possibility of United Nations increasing this amount so that these people will not be left so much on the verge of starvation? Apparently the amount that is given is, according to our standards, terrifically low.

Mr. Pearson: That is true, Mr. Chairman; but my information is that the condition of the refugees in the camps—though rather deplorable, no doubt, when comparison is made with our own standards—is as good as if not better than that of those Arabs in the

same position outside the camps. I do not think there is any foundation for the stories that go around to the effect that the refugees in these camps are on starvation diets, and that sort of thing. That is not the case. They are not badly looked after.

Mr. Low: Mr. Chairman, I can vouch for the truth of what the minister has just said. All one has to do is to visit some of the Arab settlements that are outside the camps. He will see that those who are inside the camps or the compounds are not being too badly treated by comparison. Indeed, the horrible thing about the camps is that these people are deteriorating year by year. They have been in there now since 1948 and they have become completely dependent. As the minister said, it grows worse daily. It looks to me as though the United Nations organization will have to be prepared to spend a considerable sum of money in developing some settlement schemes in Syria, Jordan and the other Arab states.

One of the things it seems to me they could be doing is to develop the potential irrigation projects out of the waters that come down from northern Syria. There is a lot of land that could be irrigated and made habitable for these people. If they are given a chance to settle on a piece of land where there is some water, I feel quite sure that in a few years at least they will put themselves on an equal basis with the Arab peoples elsewhere. I am quite sure that Israel is not prepared to take them back, not only because there is no room but because a good many of these people took up arms against the government of Israel in the war of liberation in 1948 and therefore are guilty of treason in the true sense of the word, so they could hardly take them back. This does not for one moment, or should not at any rate, militate against every effort being made to see that they are being rehabilitated in a proper manner.

I can understand what a difficult problem it is when you can get the full co-operation of the governments of the Arab states, but you have not got it. How you are to get it is a problem. May I right here issue a word of warning? We in the western world have done so much now to lose the friendship of the Arab states generally that I think we had better be careful of the sort of sanctions we attempt to impose for the purpose of getting this rehabilitation complete. Just the same, it is a great humanitarian problem that has to be solved somehow.

Item agreed to.

115. To provide for the cost of Canada's participation as a member of the international commissions for supervision and control in Indo-China including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salary rates of commissioners, secretaries and staff by the governor in council; and to ratify the appointments made by the governor in council to the said commissions and the salaries relating thereto fixed by the governor in council prior to the current fiscal year, $564,500.

Mr. Diefenbaker: I should like to ask the minister in this regard what the present position of Canada's supervisory commission or the members of it is. Were they not supposed to leave at the end of two years and has that period not expired? Has there been any culmination of the idea that there should be elections between the peoples of north and south Viet Nam? Is it or is it not a fact that what is taking place there, in the continuing delays and procrastinations imposed by the communists, is just another example of duplicity on their part?

Mr. Pearson: We had hoped that we would have discharged our responsibilities in Indo-China by now as a member of the international commission, but that has not been possible. As my hon. friend knows, there are three commissions. The one in Cambodia has had its activities reduced greatly. Military teams have been disbanded and we have merely a skeleton military and external affairs staff in the capital. We would, I think, have been able to withdraw completely from Cambodia by now but for the fact there is a connection in the Geneva agreement between the three commissions.

The commission in Laos has not been able to complete its work because of the difficulty of absorbing the two northern provinces now under Pathet Lao communist control into the state of Laos. The commission is doing its best to bring that about because if these provinces remain under communist control and the communists become established there, it would be an unhappy development.

So far as the Viet Nam commission is concerned, under the Geneva arrangement elections were to have been held by July 20 of this year, this has not been possible because the government of South Viet Nam, the Diem government, has not been willing to accept the legal responsibilities that were accepted by the French under the Geneva agreement. French troops and French authorities have now withdrawn from South Viet Nam. Negotiations are going on now by which we hope the Diem government will accept in practice, if not in theory, certain responsibilities under the Geneva agreement which will enable the commission to carry on. The other difficulty is the understandable reluctance on the part of the Diem government to take part

in any elections unless they can be given absolute assurance that these will be free elections, in our meaning of the word. They have no confidence whatever in the co-operation of the communist authorities in the north in bringing that about.

So it looks, Mr. Chairman, as if we may be in Viet Nam for some months. We have an obligation to stay there as long as the commission is able to do a useful job in preserving peace and stability in that area. There are about 170 Canadians still in Indo-China.

Item agreed to.

The Deputy Chairman: Supplementary estimates—item 616.

Mr. Diefenbaker: Is this the item on departmental administration?

The Deputy Chairman: Yes, this is for departmental administration.

616. Departmental administration—further amount required, $121,199.

Mr. Diefenbaker: That is what I thought. My hon. friend the hon. member for Broadview brought up a question some hours ago with regard to the treatment accorded to Mr. Milan Babic, who was travelling on a Canadian passport and who, according to the telegram my hon. friend read to the committee this afternoon, was forced to submit to two hours of interrogation. In addition to that, he had to wait overnight until word was received from Washington to permit of his clearance being granted. I should like to know from the minister what justification there is for more than a mere cursory examination being made of a person travelling under a Canadian passport, having arrived in the United States and having no intention to do more than pass through the United States to his Canadian destination. Is such a person not entitled to receive more courteous and considerate treatment than was accorded to this man? According to the Associated Press dispatch from New York on July 31, this man's name was on a list which called for close check by the service. A spokesman said a name may be placed on the list for 101 reasons. Sir, most of us would be satisfied with one of those reasons being explained.

Why was this man treated in this way? Does a Canadian passport not convey to the holder certain rights which were apparently violated in this case? Was this an examination that applied to a Canadian any of the principles of McCarthyism? Why should a Canadian, once the Canadian government has seen fit, through its Secretary of State for External Affairs, to grant him a passport, be required to be examined as to whether or not he is a fit and proper person, since he has been so designated and considered by the Canadian government, before a passport is issued? I would appreciate it if the minister would advise the committee of the latest information on this question, because it is one that has aroused a considerable amount of feeling in our country. I am sure that such feelings should be appeased at the earliest possible date.

Mr. Pearson: Mr. Chairman, as I advised the house, I have already sent a telegram to this naturalized Canadian in order to get his version of the facts as they have been related in the press. So far as I know a reply to that telegram has not yet been received, although I have had a chance to see the telegram that he sent to my hon. friend opposite who brought this matter up earlier. I would say that on the basis of the information that I have already received there appears to be no justification whatever for the treatment that was given this shipwrecked Canadian when he reached New York.

Of course, the possession of a Canadian passport does not give anyone immunity from the investigations and the attentions of the representative and the officials of a foreign government once the holder of that Canadian passport reaches the land of that foreign government. As I said yesterday, the United States has the legal right to question and to detain anybody on its soil. A legal right is one thing, propriety and justice are something else. I do not feel that the United States authorities should have taken the action they did take in these circumstances. We have been informed by those authorities that he was treated and questioned with courtesy. In that respect the information which appeared in the press does not coincide with that which we have been given by the officials of the United States government.

We were also informed, Mr. Chairman, that this particular man, for some reason or other and I do not know why—was on some security list of the United States and that was why he was singled out for this special attention. After the case was cleared up, I believe through intervention from Washington, he was allowed to proceed.

I am not going to challenge the right of any government to detain any foreigner on its soil if it has a legitimate reason for detaining him on security grounds. But we have no reason to believe that this particular Canadian was a security risk in any country. He is certainly not on any security list of ours, and therefore I regret very much that he should have been subjected to this kind of treatment. After we hear from Mr. Babic himself, if the facts of his own message indicate that it should be done, we shall

follow this matter up by protesting to the United States authorities in Washington.

Item agreed to.

617. To provide for the Canadian government's assessment for membership in international (including commonwealth) organizations, as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of May, 1956—further amount required, $160,491.

Mr. Blackmore: Is this the item under which the minister was going to answer questions that I asked a few minutes ago about the package deal?

Mr. Pearson: Mr. Chairman, I do not want to go into this matter at this particular moment in very great detail and I wonder whether my hon. friend, who is always so considerate in these matters, would agree if I sent him a pretty full and complete written report on this whole question of the package deal? I will, however, say to him now in answer to his particular questions, that the policy of the government in this matter was stated long before the United Nations assembly met in New York and therefore we were not, as he rather suggested this morning, doing something behind the backs of the people of this country, who had no reason to believe that we were taking this stand.

I said previous to the assembly of last year that we supported the principle of universality of membership. So we did support at the United Nations assembly all outstanding applications for membership in the United Nations except those on behalf of states which were divided. Those applications included some strongly anti-communist states like Japan, Italy, Spain, Austria and Ireland. It included some states that we call now uncommitted, and it included some communist states. In order to get our friends into the United Nations—and we thought they certainly should be there—Japan was one of them—we had to accept the whole list that I have mentioned, and an arrangement was made that all of those countries should be brought into the United Nations at this time. That arrangement was not carried out because the government of nationalist China, at the security council, vetoed Outer Mongolia, and because of that fact the Soviet union vetoed Japan. But the rest of them were admitted, and I think, with respect to my hon. friend, there is a good deal to be said—notwithstanding the views we may have about the governments of some of those countries—for having them as sovereign states in the United Nations. At least that is the view that we took at that time.

Mr. Blackmore: Mr. Chairman, I have no desire to be difficult about this matter. I shall welcome the full statement that the minister will send me but I do believe the people of Canada are entitled to be able to read some details in *Hansard* about this whole experience we went through, especially as we find such statements as the one I propose to quote from the *Daily Mirror* of New York of December 15, 1955, which in an editorial referring to this matter of the package deal said:

It was an obvious, childish trick to get Red China into the United Nations by subterfuge.

This paper is not a minor paper in the United States; I think it has over 2 million circulation and is rather reputable. The editor and the staff were right there where they were able to follow the whole situation right through. This particular editorial, which is entitled, "The United Nations Veto", closes with these words:

Canada is also at fault for serving Russia's purposes, even if unwittingly.

This is a pretty strong indication, I would say, that it is important to have some explanation. Here is another editorial entitled, "Suggestion for Dulles". I do not know whether this is the same paper—no, it is another paper. It is one called *The News*. In its editorial are these words, reporting Nationalist China's delegate T. F. Tsiang:

As U.N. Nationalist China delegate T. F. Tsiang says, four of these are nothing but captive nations of the red slave empire: Albania, Bulgaria, Hungary and Romania.

By letting them in, Dr. Tsiang adds, the U.N. in effect recognized their present robber governments and promised never to lift a finger to help free these enslaved peoples. For that, Tsiang doubts the slaves "will ever forgive us".

As I said before the committee recessed for lunch, it looks to me as though in recognizing Mongolia we recognized first of all that red Russia has a claim to Mongolia which I do not see how she can possibly establish, and second that she has a right to take any province of Russia and erect it into an independent nation and have it admitted to the United Nations.

Under such a rule it ought to be possible for the United States to gain admission to the United Nations for everyone of the 48 states and Alaska as independent nations. It also ought to be possible for Canada to gain admission for every one of the ten provinces in this country; but I will wager that if we made a request or even hinted that Ontario, for example, should be admitted into the United Nations there would be plenty of protest forthcoming from Russia and many other nations.

That is a serious principle, too. In addition to that, the admission of outer Mongolia into the United Nations is tantamount to saying that this section of territory no longer belongs to nationalist China and she has no claim to it whatever.

Every one of the assumptions I have mentioned is an unsound assumption. No matter how we may look at it, there is still in effect a state of war between nationalist China and red China because they have never come to terms nor agreed to a treaty. That is a serious matter. If we are going to go forward in the world with any principles of international fair dealing we will have to give consideration to matters of this kind.

There has been a great deal of suggestion on the part of Canadian authorities—more or less veiled, ambiguous and in a form that could be denied—and a great deal of pressure for the recognition of red China. It is pointed out that Great Britain has recognized red China and consequently we should do the same. I feel that in the interests of international fair dealing and the stability of moral principles we should draw up a standard and a set of principles which would have to be met by a nation in order to have it be worthy of recognition and admission to the United Nations.

I do not believe communist China could qualify under any combination of valid principles as being worthy of entering the United Nations. I have no desire to labour this point but those people who are interested in pursuing this matter in a scientific way might with some profit read my House of Commons speech of April 21, 1955 and my House of Commons speech of May 5, 1955. They will find plenty of evidence and authorities to back up my statements. I will challenge any man on earth to question the conclusions which are drawn in those two speeches or the authorities which are used.

They show beyond a question of doubt that China was simply stolen from Chiang Kai-shek. Communists and members of the United States communist organization, working through the United States state department, are guilty of robbing Chiang Kai-shek of China. There is evidence beyond any possibility of question that such was the case. In the light of those considerations I say that while the minister has given a reply it is far from being an adequate answer. I think it leaves the whole international situation absolutely awash. No community of people knows where it stands.

Personally I object to Canada being a party to the recognition of principles which in the history of this world up to the present time have never been deemed valid by any reputable nation. People may say, "Well, the reds are in charge of China; they are the government *de facto*. What are you going to do about it?" This amounts to saying that if a gang of robbers carries off 1,000 steers into the mountains and holds them there for a year the gang of robbers owns the steers. I do not think anyone will recognize any validity in that assumption.

Now, may I say a word or two concerning what did occur in connection with China? I do not wish to go into too much detail concerning what did occur in connection with China but one or two of these considerations must be taken into account, it seems to me. Franklin D. Roosevelt at the Yalta conference in February 1945 granted Stalin rights to Manchuria which gave Stalin a chance to overrun all of China unless China was ably assisted by those countries she had already befriended, such as the United States.

What conceivable right had Roosevelt, who was visiting from the United States, to make any commitments whatsoever in respect of land which he had no right to by any conceivable stretch of the imagination? Fundamentally, however, it was that commitment upon which Russia acted and this put Chiang Kai-shek in a set of circumstances from which it would have been difficult to extricate himself.

Harry S. Truman followed up that course of action at the Potsdam conference and confirmed that commitment. Again, what right had Truman doing that? From that point on some of the most treacherous manipulations, scheming and downright interference from the United States took place, as in the case of General Marshall, who was sent over to China in 1946 by the United States administration with the express mission of stopping Chiang Kai-shek from driving the red communists back into Russia.

By the most disreputable and disgraceful set of actions, the United States, under the guidance of Dean Acheson, succeeded in putting Chiang Kai-shek into a position in which he had to withdraw to Formosa. Then apparently the Korean war was brought on by the administration of the U.S.A. with the calculated purpose of giving the United States an excuse for putting the U.S. seventh fleet in the strait so that Chiang Kai-shek could not possibly go back to the Chinese mainland and recover it, notwithstanding the fact that, when Chiang Kai-shek withdrew, he left 1,250,000 loyal, fully-trained soldiers in China, facing the communists there, he left 150 million loyal Chinese on the west and southern borders of China, and with his navy he was able to blockade and prevent ships from going up and supplying the north red

China people with munitions, and with his air force of 250 aircraft he was able to deliver goods to support his 1,250,000 soldiers on the Chinese mainland.

There are people who revolt at the idea of saying that the south Korean war was engineered. The evidence to support that presumption is so strong that I believe that any judge of any reputation whatsoever would rule that, on the basis of circumstantial evidence, the south Korean war was engineered, by the United States administration and for no purpose whatsoever other than to prevent Chiang Kai-shek from getting back on the Chinese mainland and reconquering China, and at the same time also to let Russia get control of south Korea.

I do not wish to labour this any further but I certainly think that we should have no more tormenting and tantalizing of any Canadian government official, from the Prime Minister right down, urging that red China be recognized. The Chinese are just a group of red robbers. They do not undertake to keep any treaty. What they are doing now in Burma, according to the reports, if we can rely on them, indicates that what I have said is true, that they are just a lot of robbers. I think I have said enough to show that I have good reason for bringing this matter up. I shall take up the minister's promise and accept the material he sends me and read it through with great care, and probably next year I shall talk to him again about this matter.

Item agreed to.

Terminable services—

619. To provide for a contribution towards the erection of a monument at Steinkjer, Norway, in honour of the Arctic explorer, Otto Sverdrup, $1,400.

Mr. Herridge: Could the minister explain this item?

Mr. Pearson: This is a contribution to the erection of a monument at Steinkjer, Norway, to Otto Sverdrup, who discovered the islands in the north of Canada which now bear his name during his voyage as captain of the *Fram* in 1898. The Norwegian government later, after discussions with the Canadian government, renounced any claim to sovereignty over the islands by virtue of this discovery, but many of the Norwegian people since that time may have felt some resentment towards Canada for ignoring the Norwegian interests there and the fact that Norway discovered these islands. When the proposal was made in Norway to erect a monument to this great explorer, who discovered, among other islands, these Canadian islands, we thought it would be a friendly gesture to participate in the erection of the monument to the extent of $1,400.

Mr. Herridge: I think it is an excellent gesture.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

292. Departmental administration, $543,934.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): On July 12, when we were able to devote about ten minutes to the study of these estimates, I had time to make a general statement, and then I said I wished to place before the house a statement of our fundamental concepts and policy in administering the national parks of Canada.

I believe that the first question that we should ask ourselves is: what are, in fact, the national parks of Canada? I believe we have across our country a system of national parks that are second to none. There are 17 of these parks from British Columbia to Nova Scotia, and it is likely that one other will be added in the near future in the province of Newfoundland. They have a total area of more than 29,000 square miles. They contain examples of the finest scenic beauties in mountain, forest and water that can be found anywhere. They provide refuge for wildlife where it can be seen and enjoyed under natural conditions. Some of the older parks such as Banff and Jasper have become famous throughout the world. Above all, the parks provide Canadians in all walks of life with beautiful areas preserved for all time for their benefit and enjoyment.

The next question, and it is very important that we ask these questions of ourselves from time to time because of the requests we have to build and make various installations in the parks, is: why do we have the parks? Year after year, the members of this house have shown strong interest in the further development of the national parks, in having them made more available and enjoyable for the Canadian people. Today there are few who do not recognize and appreciate the value of the parks, but this was not always the case. Years ago, both in Canada and the United States, many persons interested in the exploitation of natural resources looked on the establishment of parks for the use of the people as a foolish dream and a waste of potential profit for themselves. It is to the credit of our legislators in the past that they had the foresight to see the needs of the future and to ensure for us the preservation of that great heritage which is ours in the national parks of Canada today.

We hear so much now about the parks in the travel advertising; we hear so much about their value to the tourist industry, the stimulus they provide to draw tourists from outside Canada, the contribution the parks make through the tourist and other industries to the general economy of Canada, that it would almost seem that the parks were created for the economic benefits they bestow. How far people can depart, even in this day and age, from the ideal that inspired our fathers and forefathers and that, I am convinced, rests firmly in the hearts of the great majority of Canadians who know and love the parks and who know why they have been established.

The parks are dedicated under the National Parks Act to the benefit, education and enjoyment of the Canadian people, and the act requires that they be used and maintained in such a way that they will be left unimpaired for the benefit of future generations.

The parks were not established for the tourist industry; they were not established for commercial pursuits, or for their direct and indirect economic benefits. They were established, I repeat, for the benefit, education and enjoyment of the Canadian people. They were established so that Canadians would have for all time great areas where they could relax and renew their strength in settings of unrivalled beauty.

To be sure, there is value to Canada in the industries that derive benefits from the parks, but infinitely greater is the value our people derive, in their hundreds of thousands, in happier minds and healthier bodies gained through rest and recreation in our great park areas. The important reasons, therefore, that we have the national parks are: first, to provide unspoiled areas, and I draw this to the attention of a number of members who sometimes make suggestions for installations in parks which will spoil the parks. Our aim is to provide unspoiled areas where people can enjoy rest and recreation in surroundings that are a complete change from what they meet in their normal lives; to provide unspoiled areas where people can enjoy and appreciate the God-given beauties and wonders that we in Canada are fortunate to possess as part of our national heritage; to provide unspoiled areas wherein people can learn about the world of nature, and become better people through the knowledge that there are other things in life of importance apart from man's creations. It is obvious that the value of the parks to the Canadian people rests more in the realm of the spirit than in the realm of commerce, and that this value of the parks can be lost forever unless they are preserved unspoiled and unimpaired to the greatest possible extent.

How then, Mr. Chairman, should we approach the administration of these parks? In the United States, where the pressure of population on land use and a growing appreciation of conservation principles led to the establishment of a great parks system even earlier than in Canada, the fundamental value of the parks was fully realized by many public spirited citizens, even when commercial interests were fighting the creation of the parks with every instrument at their disposal. In 1918 the then secretary of the interior, Franklin K. Lane, set out the basic principles behind the parks in these words:

> First, the national parks must be maintained in absolutely unimpaired form for the use of future generations as well as those of our time.
>
> Second, they are set apart for the use, observation, health and pleasure of the people.
>
> Third, the national interest must dictate all decisions affecting public or private enterprise in the parks.

These words of secretary Lane, set down almost 40 years ago, could not be improved upon in describing our own approach to the administration of the national parks of Canada. In meeting day to day problems and in planning future developments we must never lose sight of the ideal. To leave the parks in an absolutely natural state would mean that they could be used by very few people. We must have some man-made improvements but no more at any time than are necessary to make the parks accessible and to meet the needs of visitors in their enjoyment of the parks.

The most difficult problem, therefore, in national parks administration is to preserve at all times the best possible balance between visitors' needs and the preservation of the unspoiled beauties they come to see and enjoy. In achieving this balance there are four rules of the utmost importance that we endeavour to follow with the greatest care. 1. Impairments of the parks must be accepted if without them the average Canadian could not get into the parks, stay in them and reach the natural features that are there for him to enjoy. 2. An impairment for that purpose should not be incurred if it is very serious and if the added benefit in enjoyment of the park is not substantial. 3. All impairments should be regulated and controlled so that they are as small and as few as possible. 4. No impairment should be permitted if its purpose is to provide an enjoyment that can equally well be achieved elsewhere unless that impairment contributes towards or promotes the enjoyment of outdoor recreation in keeping with the purposes for which the parks are established.

Because the parks are preserved for the people of Canada as a whole for very special purposes, not for the inhabitants of one area

but for the people of Canada as a whole, it follows that special groups and interests do not have within the parks all the rights and privileges that may be theirs in other parts of the country. To maintain areas in a special way requires special rules and regulations which in other places would be quite unnecessary. When we realize that the government of all community life across the country is based primarily on the needs and wishes of the local people and is conditioned by a desire to stimulate their commercial and industrial life to their greater gain and higher living standard, we can appreciate that, without special regulations, the natural beauties of the parks would be destroyed within a very few years.

We have seen countryside ruined by billboards. We have seen ugly industrial buildings erected in areas that formerly were beautiful. We have all seen these things, and in most areas we have to accept them as part of our normal way of life, but is there anyone among us who has not thought of this occasionally with regret?

In the national parks we have the priceless opportunity to avoid all this and to preserve some of the most beautiful parts of Canada for all time for all the people. To this end, the National Parks Act and regulations made thereunder are designed, and the government of Canada is charged with an important responsibility. Our regulations must meet the needs now and in the future of a nation-wide park system. There are basic management requirements common to all the parks and our approach to these must always be the same. To give special treatment in one place would lead to special treatment in another, and the national character of the system would be lost. For this reason, decisions have to be taken nationally here in Ottawa, in spite of the criticism that we hear at times from the local people. These decisions have to be taken on a nation-wide basis because they could affect more than one park and some of the cases have to be handled with great care.

Moreover, we have to consider the effect of our decisions on conditions that will exist 50, 100 or even more years in the future, and this is an administrative problem that is rarely appreciated. If at times our reaction in the department to changing times and modern innovations may be slow, there are, I am sure, few thoughtful persons who would wish us to make hasty decisions and in so doing endanger the heritage of Canada's future.

But, Mr. Chairman, what are these daily problems that we face? Many of our problems lie in trying to give the best possible service to a steadily increasing number of visitors with a limited budget. These are met without too much difficulty, and I can say with certainty that the vast majority of visitors to our parks have returned home well satisfied, to the credit of our dedicated staffs in the field and often as well to the credit of conscientious private operators of cabins, hotels, motels, restaurants and other concessions within the parks.

The most continuing problems that we face and the most criticisms that we receive arise from the desire of various persons to do things, to build things or to regulate things within the parks for their own personal or local benefit. Even the minister is in danger when he says "No" of being branded as a bureaucrat. There is a tendency for some people to imply that we make regulations for the fun of making regulations. I can assure you, Mr. Chairman, that there is nothing that is less fun than the making of regulations. What we are doing we are doing honestly and conscientiously in order to try to protect the serious purposes that are basic in the parks.

When a person wishes to erect a large advertising sign and we say no we are told that we are standing in the way of business development. Would hon. members like to see billboards in our parks? I doubt it. There is room enough outside, as a matter of fact. I am sorry that the hon. member for Bow River is not here; because I should like him to hear this. When a person wishes to take up permanent residence in a park, to retire there, even though his presence is not required to serve the needs of visitors, and we say "no", we are told that we are interfering with personal freedom.

Mr. Low: May I just tell the minister that I will take careful note for the hon. member for Bow River. He is ill and is not able to be here today.

Mr. Lesage: I am sorry to hear that.

Mr. Low: I will take careful note for him.

Mr. Lesage: Mr. Chairman, I was not complaining about his absence. I was just saying that I was sorry he was not here. I am sorry to hear that he is ill.

I am sure that hon. members can figure out for themselves what would happen if a private citizen demanded public land in a municipal park—or, let us say, in any park in Canada—for his private home. It comes to exactly the same thing.

When it becomes necessary, in view of the greatly increased numbers of visitors, to rearrange camp grounds or to restrict their use to the period of a normal holiday, and when in the course of these changes certain persons lose some of the privileges they have enjoyed in the past—such as that of

occupying the best place in the camp grounds over a whole season—we are told that we are depriving people of their rights, and our decisions can be most unpopular among the groups concerned.

We do our best to meet particular interests when this can be done without prejudice to all the people of Canada; but once a situation becomes such that the interest of the people as a whole is suffering or is likely to suffer in future, we are duty bound to all Canadians—to whom the parks belong—to make the best arrangements possible.

There is a special problem in some of the parks, namely that of the townsites. I should like to say a few words about that matter. There are major townsites at Banff and Jasper and there are smaller townsites in a number of other parks. There is a tendency for those businesses serving visitors to concentrate at one point within a park, and as tourist volume increases these townsites grow in size. A large proportion of our problems in administering the parks arise out of the townsites. They have many of the aspects of municipalities across Canada and there must be regulations to control their orderly development.

Outside the parks, municipal control is in the hands of the local people and is exercised through their elected representatives. The driving force in this control is naturally the economic betterment of the particular community, and the people there do not have to worry about the effects of their actions on other communities across Canada, or even to any great extent about the effects on visitors except from the standpoint of potential business. All of this is right and proper, as the community exists to meet the needs of the local people.

In the park townsites, however, the situation is totally different. The communities are in themselves an impairment of the natural state of the park, and can be permitted under the Parks Act only because they are required to meet the needs of visitors. That is their only reason for existing. For this reason, the development of park townsites must be governed from the point of view of the needs of visitors to the parks—those of the present and those of fifty or even one hundred years from now—and not of the needs of those whose interest in the parks is commercial operation in one form or another.

In administering the townsites we endeavour to create an economic atmosphere within which sufficient businesses to meet genuine tourist needs may reasonably prosper; and to some extent, therefore, regulations must take into account the needs of these businesses. Their needs, however, must always be judged in the light of the interest of all Canadians now and in the future in having the parks preserved for their benefit, and their right in that connection. The preservation of the parks is the essential object and at the same time, the limiting factor not the requirements of any particular business that is or would like to be within a park.

While residents and businesses in the park townsites do not have the same control of their local affairs that would be the case outside the parks, they do have the opportunity through their local representatives to present to the park administration their problems and needs. An example of this is the Banff advisory council, and at the present time one is being formed in Jasper. As far as possible, the wishes of these local representatives are met; and when this cannot be done we always endeavour to give full explanation of all our actions. Sometimes, of course, there simply are not funds available; at other times local wishes run counter to the principles on which the parks are founded and there is no choice but to withold consent.

While local people in the townsites do not have the normal control over the operation and development of their communities, they also do not have to bear the normal tax load. Townsite residents are charged nothing for construction and maintenance of streets, for snow removal, for police services, for public park areas or for administration costs. They contribute generally less than half the cost of the installation and maintenance of water, sewer and fire protection systems wherever these are provided. A resident of Banff townsite, with a property assessment of $6,000 would pay tax of about $107 per year, including school and hospital taxes. The average tax on similar property in three towns of comparable size in Alberta would be over $300. One may compare $107 with $300.

For a typical business site with an assessment of about $13,000 in Banff, the tax would be about $225. In the other three towns in Alberta which I have mentioned, it would be over $750 or more than three times as much. If townsite residents in the parks were to find themselves located outside the parks tomorrow, they would be faced with a tremendous added financial burden, even if an outright gift were made to them of the extensive capital works that have been installed almost entirely from taxes paid by Canadians as a whole.

Before I resume my seat, may I say this. We might ask ourselves what we are doing about the future of the parks. The most

immediate need is for better road facilities. A major increase is provided—as I mentioned on July 12—for this purpose in the 1956-57 estimates. This is part of an 8-year program completely to reconstruct all major park highways and bring them to adequate standards. The cost, apart from the trans-Canada highway across Banff and Yoho parks, will probably exceed $60 million. During this same 8-year period, while a large portion of funds made available by parliament will be devoted to highways, it is proposed to continue with the present major program of improvement and extension of park facilities used by the public, including camp grounds and picnic areas, comfort stations, bathing beach developments, and many others. Improvements and extensions will also be made in facilities required by the department for the better maintenance and operation of the parks.

Work is now proceeding on the establishment of a special planning group within the parks branch of the department which will be charged with the task of gathering data and working out and recommending long-range plans for the development of all the parks so that this development may proceed in an orderly manner and in keeping with the anticipated steady increase in the number of visitors over the years. I have outlined at some length our approach to national park management and development. I hope this will help all those who are interested in understanding our problems and the way in which we endeavour to solve them. Canada receives many benefits from the parks, such as increased tourist business, a livelihood for those catering to the tourist industry and the provision of work for many hundreds in the operation of the park. Above all, Canadians receive those intangible benefits of quiet relaxation and recreation in our priceless areas of peace and grandeur. The preservation of this heritage and placing it within easier reach of the people of Canada is the constant aim that I have, together with the officials of the department.

Mr. Harkness: The minister has just given us a considerable discourse on national parks inspired, I have no doubt, by the fact that there has been a great deal of criticism of the administration of the parks, particularly in Alberta where the two largest parks are situated. Quite a lot of the minister's speech was taken up with the basic conceptions which were in mind when the national parks were formed, and with those I must say that I agree, on the whole, as I think does nearly everyone in the country. The minister also took up quite a bit of time I thought in setting up straw men and knocking them down. He took up some time also in making analogies which were not applicable in point of fact. I am not going to deal with all those points in detail at this time, as I think perhaps the criticisms which I have to make of the administration of the national parks might perhaps be more appropriate when we come to deal specifically with the national parks branch.

I would just comment on one of the points the minister made shortly before he sat down and of which he seemed to make a great deal. It was that taxes are a great deal less in Banff than they are in comparable towns. The fact still remains, Mr. Chairman, that there exists in Banff and Jasper, as well as any other town sites which may exist in national parks, taxation without representation.

Mr. Lesage: They are not taxes, they are service charges.

Mr. Harkness: I should like to remind the minister that the tea tax which provoked the Boston tea party was a very small tax, in fact it was only a token tax, but it gave rise to the American revolution. I think the minister, by trying to make a big point of the fact that taxes are less in Banff than in places of comparable size outside national parks, is batting on a very sticky wicket indeed.

I should like to deal somewhat generally with some of the phases of this department which, of course, consists of five more or less non-related branches. There is the northern administration of the Northwest Territories and the Yukon; national parks; water resources; the forestry branch and the travel bureau. There is very little connection between most of these branches, and therefore I will touch on some of them in a general way at this time and leave what we may call the detailed criticism and questions until we come to the specific items. I think perhaps that is a more orderly way of conducting a discussion.

The government administration and development of the Northwest Territories and the Yukon territories is probably the most important matter to come under this department, at least from the long-term development of Canada as a great nation. At the present time there is much more interest directed to our northland than used to be the case. There is a variety of reasons why this should be so. First of all, our other frontiers have disappeared and this is the only great frontier left. Naturally, people who are interested in new things and new developments have had their attention directed to the north. Then, the great improvement which has taken place in

transportation, especially air transportation, has made the north much more accessible than it was before. This has made it possible for a greatly increased number of people to go into the north country, carry on developments there and see what the prospects were.

Then, there have been some considerable mineral discoveries which, of course, have excited a good deal of interest and have taken a considerable number of people into our north country; especially has this been true so far as uranium is concerned. Of course, there has been quite a bit of gold prospecting and development of gold mines in this territory. However, I think the greatest factor in opening up the north and increasing the interest of the people in it has been defence requirements. The string of radar stations now being constructed to constitute the D.E.W. line will, of course, be permanent establishments right across the Arctic. The supplying of these D.E.W. line stations means constant and regular transportation to areas of the far north in which no white man, or very few, had ever been up to a very short time ago.

Now, in connection with the establishment of the D.E.W. line, it seems to me that the Canadian government has not been sufficiently in evidence—in fact, it has not even been represented at all in some of the places where development is occurring in that area. In that connection I should like to read a few excerpts from an article which appeared in *Maclean's* magazine of May 26, written by Ralph Allen. The article is entitled, "Will D.E.W. line cost Canada its Northland?" I should like to read a few excerpts from this to indicate to the committee what the situation in the north was found to be by a very experienced writer. Talking of the D.E.W. line he said:

> It is the charter under which a tenth of Canada may very well become the world's most northerly banana republic. For a sum of money that has been officially estimated at $400 million we have at least temporarily traded off our whole northern frontier. In law, we still own this northern frontier. In fact we do not.

I am not going into the military end of this at all. I am going to deal with it entirely from the point of view of northern affairs because the minister's department is responsible for administering northern affairs and for maintaining Canadian law and order in that area, maintaining our sovereignty over it. Therefore, the problem can really be placed squarely on the doorstep of the minister.

Another excerpt from this article reads:

> The suggestion that Canada is only the nominal ruler of this important part of Canada and that the United States is the real ruler is not taken seriously anywhere except on the D.E.W. line itself. There the truth is palpable and inescapable.

Now, I am not saying that Mr. Allen was the only newspaper reporter who went on the trip. There was a considerable number of United States and Canadian newsmen and all the articles I have seen written by Canadian newsmen were along the same lines as this article by Mr. Allen.

Another excerpt:

> The significant point, it seems to me, is that in this single area alone—the whole vexed and tortured area of security—there lie the seeds of serious discord and possible further encroachments on Canada's control of the Canadian north.

I should like to emphasize that last phrase, "possible further encouragement on Canada's control of the Canadian north". Well, it is the job of this department to assure that this encroachment does not take place.

I have one final excerpt:

> The most experienced and responsible Canadian I met in the north was a man I'd rather not identify more closely than that. I asked him bluntly: "Do you and your friends resent the presence of the Americans here?" "No", he said sadly, "It's the other way around. They resent our presence here".

I think that that article and articles by other people who were on this trip have caused a considerable number of Canadians to think pretty seriously about what our situation is in the north, the extent to which our control of that area still remains in our hands, the extent to which it has been lost and particularly what steps should be taken by our defence department, yes, but by this department particularly, to ensure that Canadian control of that area continues, is not further impaired and, as a mattter of fact, is restored.

There was an editorial which appeared in the Ottawa *Journal* in April on this same matter, and it gives some suggestions as to what might be done by this department in order to correct the situation which was found by the newsmen who went up to the north. I should like to read part of it: It reads:

> It is not sufficient to proclaim a right and then walk away and forget it. There is need of official Canadian representation at every D.E.W. line site where more than a few men are stationed, a continuing reminder that the final authority is not the construction or operations superintendent but the government of Canada.

And the situation as found by these newsmen was that the final authority—in fact, practically the only authority at these various D.E.W. line stations—was the senior operations man present, who was an American. The editorial continues:

> The representative may be a mounted policeman or northern service officer of the northern affairs department. It is essential that he be there

to see that Canadian laws and regulations—and if necessary Canadian dignities—are observed and it will be poor economy if the government thinks that this task can be done adequately by sporadic visits by policemen and service officers.

The present understanding is that there will be a man from the R.C.M.P. or other representative at every main site on the line when it is in operation within the next two years. There are also to be auxiliary and intermediate sites where it may be assumed there will be smaller groups of employees. In this ice-bound land each of these isolated units must be thought of as an island to which will come voyageurs of the air, some of whom will be from the United States with no landing until they reach their northern destination.

None should be left in any doubt, no matter how new Canada and the Arctic may be to him, that this is Canadian soil. This requires the Canadian ensign be given pride of place in displays of flags. It requires too that there be an agent of the Canadian civil power on hand to see the formalities of immigration, customs, game laws, and all the rest, are properly observed.

No citizen of the United States will object to such an arrangement but if Canada fails to see it is provided she invites embarrassment.

This is a matter which I would like the minister, when he speaks later when we get to this particular item of the Northwest Territories, to say something about, and it is a matter on which I hope there will be some immediate action taken, and that it will be provided that there will be a northern service officer or a member of the Royal Canadian Mounted Police at each of these stations, not only at a few of the main stations. The cost would not be very great, and I think the significance of it, and the effect it would have, would be far out of proportion to the relatively small cost which would be involved.

I should like to say something about the resources of our north country. They are, of course, much greater than was thought up to only a few years ago. As a matter of fact, until quite recently the north was considered only as a great non-productive waste, mostly rock and barren lands. We now know that there are great mineral deposits there. I have already mentioned uranium and gold, but there is, of course, one of the greatest lead-zinc deposits at Pine Point which has ever been discovered and one which makes it quite likely that a railroad will be, and could profitably be, built into that area. There is water power there to be developed. Some has been developed already to a limited extent. There is a field at Fort Norman which has been under development for some time and, of course, the whole valley of the Mackenzie river is potential oil and gas land, and undoubtedly a good deal of oil and gas will be discovered and produced in that area.

There is a considerable amount of forest cover in the Mackenzie river area, particularly the western Arctic area, and on the basis of that undoubtedly a considerable amount of timber will be cut, and there is the possibility of a paper mill or paper mills in this area.

Mr. Lesage: The Slave river.

Mr. Harkness: That is the Mackenzie river valley. When I speak of the Mackenzie river valley I mean the Mackenzie and rivers running into it. It is all the Mackenzie river valley or system.

There is also, of course, the possibility of a certain amount of agriculture, sufficient, at any rate, to supply the local inhabitants living up there with vegetables, dairy products and things of that sort.

Fishing in the lakes is already a considerable industry and will, no doubt, be expanded. And then, of course, there is what was the original only wealth of the country, namely, the fur industry, which unfortunately has now declined very considerably. However, rather than being a great non-productive waste, we now know this north country is rich in resources, capable of supporting quite a considerable population and capable of sending down materials to the rest of Canada which will support a great many more. In other words, we have a great area there which is well worth developing. Unfortunately, the development has been very slow in coming.

Transportation, of course, is the most important thing in order to develop our north country. The department now seems to be much more aware of this than they were even a year ago. When the estimates of this department were before the estimates committee last year we spent quite a bit of time, and a number of us placed a great deal of emphasis on the development of roads, waterways and air transport and the building of a railway. At that time the minister was rather discouraging in the remarks that he made to us and more or less gave the impression that this was fairly fanciful; it was quite a long way in the future, and so on. As I say, since then apparently there has been a change of heart and the department now seems to be more aware of the need of developing transportation, and developing it immediately, and not waiting until some long period in the future. I was greatly cheered by the brief entitled "The Northwest Territories—Its Economic Prospects" which was presented to the royal commission on Canada's economic prospects by R. G. Robertson, commissioner of the Northwest

Territories and deputy minister of the department. On page 19 of this brief I find the following:

. . . any program designed to stimulate the economic development of the territories must begin with a determined attack on the problem of transportation.

There is absolutely no question about that. I am glad the department has now recognized this fact and I am particularly glad that it envisages something more extensive being done than was the case a year ago. On page 23 of the brief the following appears:

The most important element, however, is a whole set of high costs due, directly and indirectly, to problems of transportation. These costs can all be brought down substantially.

That is one of the things we harped on last year and from the brief I gather that the department is now working on this question, I hope vigorously. The paragraph continues:

Nothing else will have so great an effect in stimulating economic development.

On page 24 and subsequent pages the brief refers to the building of the railroad to Pine Point. We spoke about this at some length last year. I will read just a brief section concerning this subject:

. . . three methods by which transportation facilities into the Northwest Terrtiories might be improved. The first is the construction of a railroad to Great Slave lake. The second is construction of roads into promising resource development areas when and as indications suggest that these areas, given highway transportation, would be economic to develop. The third is the adoption of the policy of supplying the newly constructed defence stations in the Northwest Territories by commercial air services and the establishment of a network of scheduled commercial airlines in the Arctic.

I would really have liked to take up considerably more time dealing with transportation in the north and what might be done to improve it and I would particularly like to have referred at greater length to the projected railway to Pine Point; however, I will leave the subject of transportation at this point and merely ask the minister when he speaks if he will tell us how far along the plans are for this railway, if anything concrete has been arrived at and when construction may be expected to begin.

The problem of the native population is, of course, one of the greatest problems in the Northwest Territories. The old means of livelihood such as trapping for fur and fishing, particularly the former, are rapidly disappearing. I understand that the cariboo have been disappearing and have been killed off at a fairly rapid rate. The cariboo constituted the bulk of the food of a considerable proportion of the northern population and something has to be substituted in its place.

Some of the Eskimos and others in the north are securing employment on the construction of the D.E.W. line which, of course, serves to accustom them to our way of life. As a result of accustoming them to our way of life it perhaps makes it difficult for them to return to their old way of life. What to do with the native population of the north, how most usefully to employ them, how to keep them fed and particularly how to put them in the position of being able to feed themselves are some of the chief problems in the whole matter of administration of the north.

The department concerned puts out what is called a northern affairs bulletin. I have in my hand a copy of the June-July 1956 bulletin and dealing with the subject of education it says:

. . . every effort is being made to provide adult education of a type which will equip all able-bodied men to take on jobs which will result in a higher level of economy and standard of living throughout this vast area.

I am in very great sympathy with the idea of training men in the north to take on jobs but after this has been accomplished the main thing is the provision of jobs. It is of little use to train an Eskimo to be a machinist, we will say, if there is nothing to which he can apply his trade. I realize that the problem is an extremely difficult one and I would like the minister to give us at least some indication of what is being done to meet this problem.

Mr. Lesage: It is all in the annual report.

Mr. Harkness: I would like next, Mr. Chairman, to say something about the system of tendering and the letting of contracts in this department.

Mr. Lesage: The system of tendering?

Mr. Harkness: Yes, the system of tendering and the letting of contracts in the Department of Northern Affairs. This applies particularly in the parks branch but I think it applies throughout the whole department. I do not think the system is good and I feel it could be improved. In my opinion the old patronage system is still in effect in this department to a considerable extent, perhaps to a greater extent than is the case in any other department at the present time. It has been eliminated to quite an extent from a number of other departments but I do not think it has been eliminated to any great extent in this department.

Mr. Lesage: There is no park in the province of Quebec.

Mr. Harkness: I am not talking about the province of Quebec; I never mentioned Quebec. I do not know why the minister has brought up the question of Quebec.

Mr. Lesage: You are talking about patronage?

Mr. Harkness: Yes, and I said I think there is perhaps more patronage in this department than in any other department. I am talking about the whole of Canada and not any specific part of it. In any event there is a great difference between the matter of tenders and the letting of contracts in this department than is the case in the Department of Defence Production. In the latter department—

Mr. Nicholson: Six o'clock.

Mr. Harkness: Well, I am quite prepared to go on for a few minutes longer.

Mr. Lesage: Yes, please finish; go ahead. We will take two or three minutes.

Mr. Harkness: I think perhaps I could conclude before we recess.

Mr. Nicholson: Mr. Chairman, the staff has to have time for dinner. We have been cutting down on our dinner hours.

Mr. Harkness: All right, I will call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Harkness: Before we took dinner recess I had just been mentioning the fact that in my opinion the system of tendering and letting of contracts in this department leaves much to be desired and that the old patronage system is operating here perhaps to a greater extent than in any other department in the government.

An hon. Member: May I ask a question?

Mr. Harkness: No, I only have seven minutes left to me now and I do want to finish what I have to say. I shall be glad to answer any questions as soon as I have finished.

In connection with this matter, to begin with, there is not a free system of tendering, as far as I am aware, in regard to quite a number of items which are secured by this department. The only people who are allowed to tender are those who are on a preferred list. People who are not on that list do not even get an invitation to tender. In other words, the tenders are not advertised in the newspapers as they are in other departments, and only those political friends of the government who happen to be on that particular list get an opportunity to tender at all.

When a tender is put in, whether it is on that basis or whether it is on the basis of an open tender, the unsuccessful tenderer is not told who has got the contract or the price at which he has got it. In the Department of Defence Production, on the contrary, for example, if an unsuccessful tenderer sends in a stamped addressed envelope he can return a form which they actually give to him, and he will be sent the name of the successful tenderer and the price at which the tender was let. In this particular department, if a man asks for the name of a tenderer and the price at which it was let, they send him back a letter saying, "It is not the policy of this department to divulge prices or suppliers." In other words, the whole thing is kept under a veil of secrecy, and the people who have tendered have no means of knowing who got the contract. Perhaps they can send people to investigate and find out eventually, but they are not told and have no means of finding out what the price is.

I have just referred to what is done in the Department of Defence Production. It is quite plain that the method of tendering in that department is very much better than what prevails in this department as far as the public interest is concerned. A man sends in and he gets back the name of the successful tenderer and the price at which the contract is let. I am glad that the Minister of Defence Production is coming in, as I am holding up his department as a model for the one that is under discussion in this particular case. As a matter of fact, the method used in the Department of Defence Production is a very much better system, as far as the public interest is concerned. The unsuccessful tenderer then can see at what price the contract was let, and the next time a tender is advertised and he puts in a bid for it, he is naturally going to sharpen up his pencil and put in as good a price as he can. As a result, the government and the people of Canada are going to get the contract filled in most cases at a better price than they would if this policy of secrecy and refusal to give prices existed as it does in the Department of Northern Affairs and National Resources.

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

Mr. Harkness: I have only four minutes.

Mr. Lesage: Yes, but I shall consent to an extension of time.

Mr. Harkness: But somebody else might not.

Mr. Lesage: I am sure they would.

Mr. Harkness: All right.

Mr. Lesage: Could I ask the hon. member to give me an example or an instance of such a letter in which it would have been said by me or by an official of the department that it was not the policy of the department to give the name of the successful tenderer and his price? I have given that to whoever has written to me.

Mr. Harkness: As a matter of fact, I have one here but I am not going to give it to the minister, because the man concerned probably would never get another contract as long as this government was in power. I certainly will not give the name of the person concerned, but there is no doubt that this sort of thing has taken place. In other words, the general tendering system of this department is not good. I should hope that it would be corrected and put much more on the same basis as exists now in the Department of Defence Production, where the unsuccessful tenderer can secure the price at which the contract was let and as a result perhaps be in a position to sharpen his pencil and give a better quotation the next time.

Of course, the basic difficulty comes from the fact that there is only a selected list of people who are allowed to give tenders, to begin with. So there are two difficulties, as far as this department is concerned. There is the selected list and the fact that the whole thing is kept secret and the unsuccessful tenderer cannot find out what the contract was let for.

Mr. Lesage: Could I ask the hon. member the name, not the man who received the letter, but the man who signed the letter?

Mr. Harkness: No. As a matter of fact, I do not think it is fair for the minister to try to get this information.

Mr. Lesage: I deny the charge.

Mr. Harkness: I think the only reason why he wants it is to ensure that this man never gets another contract. So I certainly am not going to put him in that position.

I know that my time has almost elapsed and I shall pass on very briefly to one of the other branches of the department, that is, the travel bureau. Travel used to be a very considerable source of income, as far as foreign exchange was concerned in this country. Last year, and for many years perhaps before last year, the number of United States dollars we received into this country over and above the amount spent by Canadians in the United States helped us very considerably, as far as our balance of payments was concerned, and prevented our adverse trade balance from being nearly as bad as it might have been otherwise.

Last year exactly the reverse prevailed. Travel, instead of being an asset to the country, is now a drain as far as the general balance of payments is concerned. Last year we had $110 million deficit as far as travel was concerned. In other words, Canadians spent $110 million more in travelling to the United States and other countries than people in the United States primarily and those from Europe spent travelling in this country.

I do not think that that is a situation that should be allowed to continue. I think that much more vigorous steps are needed to improve our general travel situation to attract people to this country and to keep Canadians in this country and have them travel in this country rather than travelling across the United States. It is very easy for people in any part of Canada to get into an adjacent part of the United States, and it is perhaps not to be wandered at that a very considerable number of Canadians do travel down to the United States. Of course, I would be the last one to suggest that anything should be done in a compulsory way to stop that, but I think that we can correct the situation to quite an extent by taking steps in the way of publicity and otherwise to encourage people to travel in Canada rather than go across the border to the United States.

I realize that I am already over my time, and I shall leave the remainder of the remarks that I may have to make to the particular administrative items of the branches as they come up.

Mr. Purdy: I should like to take this opportunity to make a few remarks on this resolution, and I promise that I shall not be as lengthy or as inaccurate as the member who has preceded me. I should like, however, to direct a few remarks to the minister whose estimates are before us at the present time not particularly with respect to the problem of northern affairs although coming from Nova Scotia as I do I cannot help but remind the committee that Nova Scotia is one of four provinces, Ontario, Quebec, New Brunswick and Nova Scotia, which should have more to say with respect to the development of our northern resources than we have because at one time we were equal partners in those great resources. However, at the

moment I wish to direct my remarks to the minister in his capacity as minister of national resources.

As I visualize his responsibility in that position, it covers the development of our renewable resources such as our forests, and of course I appreciate that while our forests are renewable they are only renewable within a limited time. You can cut down forests and it takes a good many years before they will reproduce themselves. Then we have water power, another important national resource and one which we must utilize to the fullest extent. Along with our water power we must consider our non-reproducing natural resources such as coal and similar minerals.

I am going to subdivide our water resources into two parts. First of all, I should like to refer to the water resources found in the natural flow of our rivers, and I am going to refer specifically to the province of Nova Scotia. Here I should like to say that in my opinion the development of hydro power on our non-tidal rivers in Nova Scotia is most uneconomical because in order to provide the necessary storage basins and a level flow of water throughout the year it is necessary to flood such large areas of the river basins that the natural growth in those basins, whether agricultural or forest, is destroyed, and the initial cost of such a development is not a true picture of the actual cost to the economy of the country. In other words, we should consider when we flood such tremendous areas of our province what the potential production of those areas would have been in future years and add that to the cost of the development.

We do have one great source of power in our province which I believe has never been actually explored to the hilt. It is true that an investigation was made, and there is one going on now, of Passamaquoddy bay to see just what we could do to develop power from the tides of the bay of Fundy. A few years ago an investigation was also made on the Petitcodiac and the Memramcook rivers, in New Brunswick. At that time I believe a report was brought in that the development of power there was not economical compared with the development of power from coal, but in that regard I want to make this point. The coal of the maritime provinces, Nova Scotia particularly, is expendable but the tides are not expendable. They have been going out and coming in ever since mankind was created and they will go out and come in just as long as humanity exists.

Therefore I am saying that while it might be more economical to develop power from coal in the immediate future nevertheless from a long-range point of view and knowing that our coal supply is exhaustible I believe the whole situation should be taken into consideration with that in mind. I suppose hon. members will say to me: What has this all got to do with the present situation? They may say that power, after all, is a provincial matter and that therefore the Minister of Northern Affairs and National Resources should not be concerned with it. However, I have great hopes from the announcement made by our great Prime Minister that he was fully aware of the financial problems some of the lesser provinces have to meet and that the federal government would go along with those provinces in any way possible to secure their development.

There is another feature. The minister is responsible for the tourist industry. I suggest to him that one of the greatest undeveloped potentials in our national production, or whatever you like to call it, is the undeveloped tourist industry in the maritime provinces. It does seem to me to be a crime that Canadians in the central provinces, who have waxed rich from the business they have received from the Atlantic provinces, should go to the United States when they have a chance to go to the sea coast for summer holidays instead of going to the coast of the Atlantic provinces. I suggest it is a responsibility of the minister to see that proper facilities are provided so that the people from the central provinces will come to our great Atlantic sea coast. I should like to go on to try to develop this idea a bit further and I am going to refer to my own constituency. In the area of Minas basin and Cobequid bay tremendous water power is produced by the tides of that great basin which rise 60 to 62 feet from low tide to high tide every day. Do you not agree that there is a great undeveloped water power potential in that tremendous tidal reservoir, one that renews itself every day and is inexhaustible? It will go on into eternity, and I am asking the minister to give consideration to the possibilities there.

As I said a moment ago, the survey of 1945 indicated that the development of power from the tidal waters of the bay of Fundy was not economical compared with coal. Again, our coal supply is exhaustible but our tidal power is inexhaustible. I have another thought to put to the minister, and I appreciate that what I am about to say falls to some extent within the purview of the provincial government. Nevertheless, I come back to a thought I mentioned a few moments ago, namely, that one of our national resources is the tourist business and therefore so far as the tourist business is concerned it

would be quite within the province of the federal government to help along the lines I have suggested.

I am coming now to the problem of highways and transportation facilities into our tourist attractions.

Would you gentlemen around me who are talking kindly go outside and carry on your conversation there while I am trying to talk to the minister?

An hon. Member: Address your remarks to the minister.

The Chairman: Order.

Mr. Purdy: Thank you. Mr. Minister, I should like to direct your mind to this matter, on a dollar basis, of turning the tides into power, as an economic goal. I am suggesting to you at least two situations in my constituency, one at the estuary of the Shubenacadie river and the second one on the Avon river. Not only could we turn the tides into power there but at the same time we could do away with the building and the maintenance of railway bridges and highway bridges. In other words, at one fell swoop, if practicable, we could make a triple-purpose utility at the mouths of those great rivers. I have in my files a letter from an engineer who was born in the vicinity of Windsor and who says that he is satisfied—he is now removed to the United States—that power could be developed on the Avon river. He says that 250 thousand horsepower could be developed at the rate of $100 a horsepower. He says that in the United States that is considered to be a low rate. If at that cost we could add the triple purpose of a railway crossing and a highway crossing and duplicate that at the Shubenacadie river, what a great thing we would do in the province of Nova Scotia. That is only a dream, I suppose, but still I suggest and consider that it is something that should be taken into consideration. This idea of the federal government, doing something for highways is not too far afield. If I recall correctly, I read in the paper yesterday that the federal government is going to make a heavy contribution toward a highway out of Ottawa. What has Ottawa got that the maritime provinces have not got? Certainly we have got to have our share in the maritime provinces. I stand up here prepared to fight for that share every time. Let us give the Atlantic as fair a deal as Ottawa is getting now that they are starting to deal with the highway problem.

There is one more thing I want to bring to the minister's attention. I want to say to you, Mr. Minister, that you have been very kind to me. I wonder, Mr. Minister, if you would let the hon. member for Quebec East sit on his right side of the house for one moment.

Mr. Hees: The hon. member for Quebec East does sit on that side of the house.

Mr. Purdy: Mr. Minister, would you just listen to me. Let him sit back and blat by himself for a while.

An hon. Member: It is the hon. member for Quebec West.

Mr. Purdy: It does not matter where he comes from. I am talking to the goat over here now; that is the one I am talking to.

Mr. Minister, what I was going to say was that you have been very kind to me in connection with some of the requests I have made to you in the past. At other times you have not been quite so fair. A year and a half ago I asked you if you would not consider having the spot where the largest sailing vessel in Canada was built and launched—and I was thinking of the *William D. Lawrence* from Maitland—made a historic site. You very kindly arranged through the historic sites and monuments board to have that site commemorated. You have not told me when it is going to happen. Before this debate is through, at the proper time, I hope you will tell me that.

I spoke of the Shubenacadie crossing. That is the point that I wanted to bring to your mind from a tourist standpoint. There is the land where the sailing ships of the days gone by were built before confederation, where the men went out and the tides came in. But today it is a situation which is undeveloped. I believe if you will really sit down and consider the proposal to build this crossing from Black Rock to Maitland, you will come to a favourable conclusion. By the way, it was a service which was maintained before confederation. It was turned over to the federal government at confederation to maintain the wharves and ferry there and to give a subsidy on the ferry. For some reason or other—and I do not blame this on the federal government—it has gone down. But there is a certain responsibility there. If you will just take this matter into consideration and consider that not only could we build a power unit which would develop power but we could provide a crossing by means of a railway bridge and provide a crossing for highway traffic—a triple unit—I believe it would commend itself to you. I believe that your engineers would say it was economic and feasible. That is what my plea is tonight. I ask you just to give us a break and to send your engineers down to look at this place. I know that the

provincial government, if it gets a lead in this matter will co-operate one hundred per cent.

I am going to close in a moment, sir. I think it would be the greatest thing that could happen if this house would only decide to close its discussions and not let the members stay longer in Ottawa. Just let them take one week along the seaboard of the Atlantic provinces and it would do far more good than sitting here for the next week. I know they would come back here prepared to go along with me and that next year, after the minister of Northern Affairs and National Resources considers it as part of his responsibility to help us develop the highways into these great tourist areas, they would come with us and they would be very happy.

Mr. Low: Mr. Chairman, I want to say a few words on the first item in these estimates in order to impress upon the minister the importance of taking early and effective action to bring into the northern territories the one very important thing that will surely contribute to the development of that great country. Before I say what I have to say on that matter, I should like to comment just briefly on the statement of the minister this afternoon in connection with our national parks. These playgrounds of Canada come under the supervision of the Minister of Northern Affairs and National Resources. I listened very attentively to the statement he made and I found myself in almost complete agreement with his policy as he expressed it this afternoon. I was born and raised right close to one of these great national parks. For many years I have been somewhat concerned about the future policy in respect of them. More particularly I have wondered whether we might get into the same frame of mind as have people in the United States where the national parks have become commercialized and it is difficult for people to find rest and relaxation and the enjoyment of beautiful and natural things such as we have been able to find in our parks in this country. So I was gratified when he said it will be the continued policy of the department to operate the parks in such a manner that for many years to come they will be unspoiled, that the natural beauty will be retained. I took for granted from what he said that commercialism in these parks will be restrained just as far as it possibly can be. I commend the minister for that attitude because there are so many of us who would like to see these parks remain in perpetuity, if possible, unspoiled by the commercial hand of man.

I hope it will be possible for us to induce the building of sufficient facilities so that tourists will be able to come from far and near to enjoy our natural beauties with us. I am convinced that in our national parks in Canada we have the most beautiful playground in the world, without any question. I have travelled over much of the world and I think that I have never seen anything to equal the beauties that we have in Banff, Jasper and Waterton national parks in Alberta. I am only naming those that are in my own province but there are others, also. I will support the minister 100 per cent in the expressed policy that he brought before the committee this afternoon.

Now, I should like to say just a word about the northern territories that the minister has visited on several occasions. I am glad to see that he has familiarized himself with the territory. I was very happy when the minister furnished me with a copy of the brief that was submitted to the royal commission on economic affairs by the commissioner of the Northwest Territories. I read what Mr. Robertson had to say about the development of that vast north country. Anyone reading the report and studying the maps and other facts that are obtainable about the north country cannot help but be convinced that the northern territories have a very great part to play in the future in the building of a strong and secure Canada. When we think of the recent developments in the area, what those who have been prospecting throughout the country have found, the evidence of great natural mineral wealth, I am sure that we cannot escape the conclusion that the earliest possible development of this territory would be desirable in the interests of a strong Canada.

I am not only interested in the northern territories from the point of view of having their development assured in the near future for building a strong Canada, which is of course our paramount consideration, but I am also interested because the development of the northern territories is so closely bound up with the development of my own area, the Peace river country. So I speak just briefly at this time in support of what Mr. Robertson has so well pointed out in his brief. I do not intend to read it at all, but merely refer to it in a general way. He has taken the position that the most important thing is transportation. I agree with him wholeheartedly. I will go further and say that the northern territories cannot contribute what they can possibly contribute to the strength and security of Canada until we do have adequate transportation. Further than that, I am satisfied that we cannot see the possibility of the early development of the resources of the great north country until we have rail transportation.

We can talk about water transportation and air transportation from now until doomsday, but it will not solve the problem of the area for the simple reason that water transportation into the northern territory is possible only during a short part of the year and it becomes exceedingly costly at other times. Air transportation is always expensive. There are only two ways of getting into the northern territories today by the water and land route. One way is through Fort Smith and the other way is through Hay River, which is a settlement on the Great Slave lake.

Now, the Fort Smith route starts from Waterways, the railhead, and is not a good possible route for the reason that you have a long portage and the costs are too great. Not only that, but the river and lake freeze over very early in the fall, making it impossible to carry on transportation beyond the latter part of September, usually. The other route by which you can enter the great northern territories by land and water is through Grimshaw, the railhead in the Peace river country, and down the Mackenzie highway into Great Slave lake by way of the settlement at Hay River. Now, that distance from Grimshaw on the Northern Alberta Railways to Hay River on the Great Slave lake is about 381 miles, almost the same distance as it would be from here to London, Ontario. This gives some idea of the tremendous distance. The route down the Mackenzie highway is an easy gradient. It is not a difficult one through which to build a rail route at all. Much of the clearing has been done along that route and every few miles one finds a very fine farming area which, when it reaches its full development, will contribute immeasurably to the support of a railway to cover that 381 mile distance.

Mr. Robertson quite correctly points out in his brief that if we had a rail route approximately 400 miles closer to the Mackenzie valley than it is now, which would be possible if we were to extend the Northern Alberta Railways from Grimshaw to Hay River, the rates would be cut down to the point where the working of the ore bodies that have been recently discovered at Pine Point would become quite possible and competitive. Now, that is an important point because we know that there are at least 60 million tons of high grade lead and zinc ore in that area that can be mined very largely by the open cut method. If we had the rail transportation to carry that ore out, then the mines would become competitive and that ore bed would contribute to Canada's strength because one of the things we do need is new sources of base metal. There is one just across the borderline from the northern part of Alberta and along the southern shore of Great Slave lake fifty miles or so east of Hay River settlement.

I point these things out merely to emphasize the need for early action to get that rail connection from the Peace river territory into that area to make transportation possible the year round; to make it possible for these mines and ore bodies to be worked on a competitive basis. Not only that, but I am satisfied it would help open up vast areas of fine farm territory which would contribute to the support of the railway in the years to come. I am sure the minister agrees with me when I say that in times past transportation has preceded intensive development rather than following it. I am quite sure that he must agree with me when I say that in the early days of Canada the railways did not wait to see the development well on its way before they started building railroads. They had some pioneering spirit in those days.

Today it appears the railways do not want to move unless they see an assured immediate return from freight haulage that will make it possible for them to pay their full expenses from the beginning. I do not think that is the spirit at all, and I am certain—the minister I believe will agree with me—he will if he thinks upon it—that if the Northern Alberta Railways were not operated under a joint ownership, if there were more competition up there a rail line would be built into the Northwest Territories very early. I believe that the northern areas would have rail transportation much sooner if the Canadian National Railways owned and operated the Northern Alberta Railways by themselves. The Canadian Pacific Railway, of course, because of the fact that it is deeply interested in the Pine Point ore bed through the Consolidated Mining and Smelting Company which owns, I think, the greater portion of the mineral rights there, will continue to stay in the area just as long as it possibly can. It may never get out. But I do believe that the minister, if he will put pressure on his colleague, the Minister of Transport, and others of his colleagues, could succeed in getting a railhead 400 miles farther down in the Mackenzie area than it is now, and he could get that soon.

I know the argument has often been raised —and I believe the railroads have said this recently—that if the government of Canada were to subsidize the full cost of the building of the road at the present time there would not be enough tonnage hauled over the railroad from Grimshaw to Hay River to pay the costs. Well, I am not so sure of that. I should like to see more figures. That may

have been true a few years ago, but I remind the minister that every few miles along that route down the Mackenzie highway farming areas have been opened up that are now producing very large quantities of grain and livestock and lumber. I remind the minister that those areas are being extended. The Alberta government is opening up very large tracts of land for settlement. They are offering it on a homestead basis to young men who wish to establish themselves in farming and for a $10 registration fee they are able to get 320 acres of that land for development, and it is going fast. The area is building up rapidly and within a few years, if transportation were provided, the tonnage of agricultural products coming out of that country would be a surprise to everybody because it is good country; it is productive, and the change that has taken place on the face of that land in the past four or five years is amazing to anybody who has seen it.

This is completely apart from what is being found in the northern territories, and I am sure the minister will agree with me when I say this: add the potential ore development, the potential oil development, the other developments in the north to the farming possibilities in the northern Peace river country and you can make a very fine case for the early building of a rail line from Grimshaw into Great Slave lake. Therefore, I urge the minister to use every energy that he possesses to get that development. He should talk sternly and earnestly to his colleague, the Minister of Transport, and to the railways. We will back him, and we certainly do not want to do anything to make it difficult for him to talk. We want him to know that we are supporting him and, certainly, the policy which was outlined by him this afternoon and by the commissioner of the northern territories, Mr. Robertson, as we find it in his brief to the royal commission.

Mr. Bryson: Mr. Chairman, because the hon. member for Peace River and the hon. member for Calgary North dealt with several of the matters which I had intended to bring to the attention of the minister I will attempt to save the time of the committee by not repeating some of the things that have already been said. Therefore, in the few minutes at my disposal I shall confine my remarks to a few general observations on one or two other aspects of the minister's department. I think everyone agrees that the prosperity of Canada at the present time depends very largely on our oil and mineral resources. The continued expansion of those resources will bring greater returns to the economy of this country, and therefore we can say that Canada's north holds the key to Canada's future economic prosperity in so far as it depends on our oil and mineral resources.

Someone said a while ago that the potentialities of Canada's north are tremendous. I would suggest—and I think everyone would agree, including the minister—that at the present time we are unacquainted with those potentialities. Certainly, the expansion and the development that have taken place in our north country have been very spectacular. Spectacular as that development may be, it must be remembered that little or nothing was done prior to the outbreak of world war II. For that reason, and because of recent happenings in the north, the developments have been somewhat of a spectacular nature. However, it seems to me the problem we are confronted with today is to see that there is a successful and orderly development of our north country.

I am sure that those of us who have had an opportunity—and the minister will agree with this, too—of flying over our Canadian north could not help being impressed with that vast land, its sparse population and the over-all inhospitality of the country. Certainly, it would be a bold and irresponsible person who would suggest that to develop the Canadian north does not present apparently almost insurmountable problems. However, we have to tackle the problem. The pattern of development must be such that the wealth that is created accrues to the people of Canada; and secondly, and possibly more important still, we must see to it that the social aspects of the native people are protected in order that there is the least possible dislocation so that those people might be integrated into the kind of life that they are going to have to come in contact with if they are going to survive and get for themselves the kind of welfare that is necessary. It is to be hoped that we shall not repeat the blunders and do the things that we have done in the past with regard to this very important problem of seeing to it that the native people of the north are given a fair break, a chance to retain their dignity and to get for themselves the kind of economic security that is so necessary.

Mr. Chairman, this problem of the native people seems to me to have been uppermost in the minds of the commissioners of the Northwest Territories when they presented their brief to the Gordon commission on Canada's economic prospects last fall, for these commissioners pointed out in many instances the great necessity for the immediate development of the mineral and oil resources of Canada's north in order to make it possible for the native population to survive. They point out that because of the

health services that have been given to these people over the past few years the population has increased and the effect has been that the game resources are almost depleted.

As those of us who have had anything to do with Indians are aware—I am not acquainted with Eskimos but I presume they would have the same characteristics—native people are not conservation-minded. Because of this the game resources upon which these people rely for their welfare have become depleted. We now have the situation where the native people are depending more and more upon commercial food supplies. Because of the fact that fur prices have declined and deteriorated substantially over the last two or three years the native now finds himself in a very precarious position. With the money he receives from his furs he is not able to buy enough food to maintain his health.

I wish to refer to the report made by Mr. Gordon Robertson, one of the commissioners, when he was giving evidence before the Gordon commission. He said that:

> The Indian population had to live on sub-1933 incomes while paying 1956 prices plus high freight charges.

The result of what has taken place is that the natives are moving to the settlements and are accepting seasonal employment whenever it is available. They are recipients not only of the family allowance but also relief payments.

It has been suggested that relief payments should be increased and one suggestion is that they should be doubled. I think that would be disastrous because the recipients of large amounts of relief soon become economic derelicts. They lose their self-respect and it automatically follows that they lose their place in society; and when the day comes when economic opportunities are made available for these people they will not be able to fit in nor grasp them because of their dependency on relief payments.

In the interim I think it is important to maintain their natural way of life. I think we will have to do that for some time to come until the day arrives when integration will be possible. This will facilitate an orderly and natural adjustment to a new way of life. I think the government is going to be forced to undertake a conservation program to conserve not only the fur but the game in that area in order that these people will have some source of income in the intervening period which they must face.

Along with the recommendations made by the Northwest Territories council I would also suggest that the government give serious consideration to supporting the price of fur.

[Mr. Bryson.]

I realize that this presents a genuine problem and I believe the commissioners who are close to the situation realize this, too. However, surely it is not an insurmountable problem; surely a solution can be found. I can foresee that there might be some abuses and some bootlegging might take place although supporting the price of fur would be comparatively costly. I wonder if we can afford not to do this. I would strongly suggest that this should be given serious consideration by the government in the interim period these people are going to experience.

I believe, too, it would be feasible for the government to establish trading stores in the north. We have established trading stores in the province of Saskatchewan and they have been of great benefit to the native population. It would appear to me that this would do away with many of the questionable practices that are carried on by the occasional free trader and also by the Hudson's Bay Company.

I recall being in a trading store in the comparatively far north not long ago and seeing on the shelves rows of canned dog food. I said to the trader, "It looks a little ridiculous to me to see Indians buying prepared dog food in cans and paying the price that would have to be asked for this commodity." I was told that they did not feed it to their dogs but were using it as the basic ingredient to make home brew. I think we have here a glaring example of the exploitation of these native people by unscruplulous operators. I would strongly suggest to the minister that he give consideration to the establishment of trading stores that would have the interests of the natives at heart.

I would also suggest that the government should undertake a program of providing free air transportation and other free facilities to native people in order that they may go out prospecting for minerals. I believe these people could do an excellent job in this regard. They have become perfectly adapted to the country and the climate and I am sure this would be one means of providing extremely profitable and suitable employment for them.

Concerning the question of education, while I agree that under some circumstances residential schools perhaps cannot be avoided I would suggest that wherever possible the government should establish day schools in preference to residential schools. I urge that there should be the closest co-operation between the officials of the Northwest Territories council and the minister's department in selecting a curriculum.

I was glad to learn this afternoon that the minister is co-operating with the council and that the curriculum being drawn up is emphasizing various skills that will be of some practical value to the native people rather than more academic subjects.

I also suggest there will have to be a revision of salaries for school teachers going into the north country. I think it is unfortunate that a school teacher going from a province into the territories is not able to have his or her superannuation recognized by the province which he or she has left to go into the territories to take up a teaching job for the minister's department. I know of one or two instances where qualified teachers with a certain dedication went into that country and found out that their superannuation ceased, and they immediately returned to the province which they had left. I think that is unfortunate.

Mr. Lesage: Might I draw the attention of the hon. member to the fact that the teachers in the north are federal civil servants?

Mr. Bryson: That is the point I am trying to make. If they had ten years in a province, as an example, their superannuation would cease, and they would become civil servants.

Mr. Lesage: I shall have to discuss that with the Minister of Finance. I am not aware of that policy.

Mr. Bryson: Much has been said today about transportation. I am not going to deal at length with that. I think the question was covered ably by the last two speakers. I am not acquainted with the situation as it applies to the railroads and some other aspect of the subject that was discussed, but I suggest that the minister give greater assistance to the mining roads in the provinces. In many instances the provinces are unable to finance roads within their boundaries, and so I think it is imperative that the department give greater assistance for more roads from the provinces into the territories. If it means that a railroad would help, it should be built. Certainly the brief presented to the Gordon commission about that question showed very forcibly that it would be in the interests of Canada and the interests of the north country that such a railroad be built.

We have spent a great deal of money on the D.E.W. lines and on other military installations in the north, and I am convinced in my own mind that they will add little or nothing to the economic prosperity of this country in the future. I would stress again greater supervision of the native population. I think that point has been brought up over and over again in this house during this session, that the native population, Eskimo and Indian, will need to have greater supervision if we are going to get the kind of results we all hope for. I noticed an item in the press not long ago; I am not going to read it, but it is very critical of the kind of supervision that is being given to these people by the Department of Northern Affairs and National Resources.

In conclusion I should like to say that it is the prime interest of the government and the minister who has charge of this department to see to the welfare of our northern native people. We have two resources to develop: our natural resources and our human resources. I am sure that our record in the past has not been too good, but certainly, we can develop and integrate our northern native human resources if we tackle the problem with determination and imagination.

Mr. White (Middlesex East): I rise tonight to take part in the discussion of the estimates of the Department of Northern Affairs and National Resources because of the fact that, whilst the department deals more with northern Ontario, we in western Ontario are very much interested in the department, and I should like to make a few comments on it.

People from the United States are much more inclined to pay attention to their historical background, whilst we Canadians, on the other hand, are probably prone to under-emphasize our historical past. Those of us who pay any attention to history will realize that it is only through the building up of history and traditions that a nation becomes great. It has been said that at the time of the French revolution all the past was cut off and forgotten, and since that time the French nation has never been able to rebuild the traditions of that country as they once were.

Consequently, I am asking that the minister, through the historic sites and monuments board and otherwise, may influence the Canadian people to take a greater interest in our history. While I am dealing with that, I may say that the present chairman of the historic sites and monuments board, Professor Fred Landon of the University of Western Ontario—he is from London, Ontario—has done very fine and worthwhile work in that connection. However, whilst that is being done, I do not think that enough is being done. Some encouragement should be given to municipalities to pay some attention to their historical backgrounds. There are a good many societies of one kind and another—I shall mention only the women's institute—that could devote one day or one of their programs to the historical points of interest

in the local community. I think there is a very worth-while field for work there.

History does not mean perhaps quite so much to present as to future generations of this country. It is because of that fact that I make this plea tonight. In my county of Middlesex there are now streams on which were situated water mills on which pioneers depended for the processing of their wheat into flour, and many of the people living in those areas are not aware that in those very communities there exist these water mills. I am thinking particularly of the one on the Medway creek, a tributary of the Thames—I am coming to the Thames valley—and that comes under the minister's department. That old mill stream there is almost within the boundaries of the city of London, which has now grown up around it. At one time there was a thriving community at that mill which is now forgotten and which could well be commemorated. It is almost within a stone's throw of the University of Western Ontario.

While we are speaking of historic sites and monuments, I should like to mention that the first minister of agriculture in Sir John Macdonald's government was a Londoner, Sir John Carling, and he established the experimental farm system throughout Canada. The first director of that institution was also one of the illustrious Saunders family of London, Ontario. I think some recognition should be given to the contribution these people have made to the development of Canada, not forgetting Sir Adam Beck, the father of Ontario hydro.

To change the subject for a moment, we are interested in developments thousands of miles from Canada and we spend a lot of money abroad, but at the same time I think we should give some thought to the conservation and use of our resources at home. I am thinking particularly of our water resources. We in western Ontario are very much aware of the scarcity of water at times and yet we are situated in a peninsula almost surrounded by the great lakes. While the minister and I are well aware of the fact that the Ontario water resources committee under the chairmanship of Mr. Snider is doing very worth-while work, the installation of water mains to serve the western Ontario area will be a costly process. As that region is bound to develop industrially and as federal income from that area is also bound to increase with the development of that part of the country, I think it would be wise to develop some plan that would guarantee long-term loans to the municipalities of western Ontario to assist them in the installation of water mains. I feel certain this could be worked out.

[Mr. White (Middlesex East).]

On unimpeachable authority I understand that a 12-inch water main could be installed from Ipperwash to London which would serve the many municipalities through which it would pass for some $8 or $9 million.

I also want to point out to the minister that western Ontario and the county of Middlesex particularly were rather disappointed that no provision was made in the estimates for the completion of the dams and water conservation project on the upper Thames river during this year. However, we are satisfied that while it was not included in this year's estimates it is certain that next year will be our turn. I think I should also point out to the minister that it would be wise to complete one river development as far as humanly possible and as quickly as possible in order to have it as a pilot plant, as it were, or pattern from which to gain experience in any future river developments, whether they be in Quebec, the maritimes or the western provinces. When we have gone as far as we have with the development on the Thames it should not take a great deal more to complete it, and then you would have a pilot plant in operation.

Fundamental to soil and water conservation is the development of forest. I think that is one thing about which a lot is said but about which not enough is done, and in my opinion many more submarginal areas than are now used for forest purposes could well be devoted to that use. Unless it is the growing of Christmas trees, it is not likely that any one private individual in western Ontario could plant a forest and expect to reap a harvest from it in his lifetime. Consequently, private individuals are not inclined to go into the reforestation of private land. Therefore I think the future of reforestation must be placed more and more in the hands of river development and conservation authorities if we are going to get the maximum results from forest planting.

I should probably mention here that the forest area in the county of Middlesex is somewhere around 7 per cent, which is about the lowest of any county in the province of Ontario. On the other hand, that only demonstrates how much of the land in the county is suitable for agricultural purposes and has been devoted to that for the last 100 years.

To return to the minister's opening remarks, I was certainly glad to hear him speak in such glowing terms about our national parks throughout Canada. Now is the time to make provision for these parks. As he mentioned, once the development period is over the costs will not be too great and we will have these parks as an investment for future generations for a long time

to come. With the vast area that we have in our country, I think we can well afford to have the beauty spots and large areas of Canada as national parks.

Finally, I want to join with the hon. member for Digby-Annapolis-Kings in his plea that the old supreme court building at the foot of the hill be kept as a national monument because of the associations that it has for the people of Canada and its historical association with the fathers of confederation and 1867.

Mr. Leboe: Mr. Chairman, I assure you I shall not be long, but I do not want the minister to take it, from the fact that I do not intend to speak for very long, that I do not want him to listen to me. First of all, I should like to say that I appreciate a great deal the co-operation I have had from the Minister of Northern Affairs and National Resources and his department in connection with some very vexing problems. I assure him that I appreciate it very much. I was glad to hear the hon. member for Peace River bring to the attention of the house the need for transportation facilities in the area lying north of the Peace river. I should like to call attention to the fact that I believe it is the intention of the British Columbia government to push the Pacific Great Eastern Railway 50 miles farther north to Fort St. John in the Peace river area which is in a direct line toward the Hay river district. I do not know whether or not the route is feasible. I have been told that it is, and it would be a very direct route for trade going to the coast.

In dealing with transportation I would mention again that I should like to see closer co-operation between departments so far as that problem is concerned. I realize that highways are not a problem of the minister unless they are within the parks, but the development of the northern area depends on transportation facilities, air, rail and highway. I would hope that the minister would get together with the Minister of Public Works and the Minister of National Defence and try to work out some way by which at least a portion of the highway between Dawson Creek and Fort St. John could be paved. It is a very important section of the highway that leads to Alaska. The traffic is very heavy and the dust conditions have already caused loss of life in numerous instances.

I should like to make one more point before I sit down. I agree wholeheartedly with the minister in what he has to say about the national parks being for Canadians. However, there are some of our national parks which are astride great passes throughout the Rocky mountains. These parks having been laid out astride these passes in the mountains, it becomes evident that highway traffic for trucks and other commercial vehicles should be allowed to go through. The park with which I am mostly concerned is Jasper park. The total distance from the east boundary to the west boundary is only about 65 miles. I suggest that for 65 miles of highway it would not be amiss if the tourist traffic had roads for it only. Those people that are going to use the park—the Canadian people and others such as Americans—would like to have roads for tourists only. It is only a matter of 65 miles and there is lots of room for other highways, if necessary, to be built from one border to the other of the park and thus allow commercial traffic to pass through this particular area.

I know that the minister has the matter in mind and I know he is working towards that end. However, I do not know whether it is fully realized just how urgent the need is for something to be done in the very near future in that regard. I would hope that the park would be labelled as a natural playground as much as possible and yet have the facilities for through traffic developed through this area within the very near future.

Mr. Herridge: Mr. Chairman, I listened with a great deal of interest to the minister's statement as given on July 12 and completed this afternoon. I agreed with his attitude towards our national parks so much that I had great difficulty in not saying "amen" a good many times. However, one must realize that the minister does not make a comprehensive and complete statement without a background of some fairly good officials. I want to pay a compliment to the officials of his department. I think we in Canada are very fortunate in having the officials we have in the water resources branch, the parks division, the forest branch, the wildlife service and the northern administration. In this department we have some officials whom I know other governments would be very pleased to take from us. I do not say that only from my personal experience. This is a particularly interesting department to me. I meet persons in universities and persons in other governments and I have heard those comments made on a number of occasions.

The minister has responsibility for a most interesting and important department. In fact, the welfare of millions of Canadians and their happiness to a great extent depend upon the policies and the administration of the minister's department. I have a few

brief comments to make on particular items of the minister's estimates but at this time I want to advance what I consider to be a good idea. I must admit that those who know me say that I am rather fertile as far as ideas are concerned. Once upon a time I thought I had invented a device for perpetual motion but it did not work. However, I invented an everlasting stoneboat that would nearly run itself. I have experimented with so many things in my lifetime that my wife and daughters are now inclined to refer to me as Major Hoople. Anyway, I suggest that the idea I wish to advance briefly this evening is a sound and good idea.

For several years I have introduced a resolution urging a federal-provincial conference on conservation with a view to establishing a nation-wide policy on this question. However, at this time I wish to stress the necessity for a national voluntary organization that would promote an understanding, as a result of voluntary action, of the principles of conservation and would develop what I think should be termed an ecological conscience in Canada.

We in this group are concerned with the health of human beings and the health of our national resources. I think that fact has been very appropriately indicated this evening by the remarks of the hon. member for Humboldt-Melfort who does not think it worth while to stop and listen to what I am going to say this evening. He dealt with the human resources that come under the administration of the minister's department. I am going to deal very briefly with the renewable natural resources. I think that on the health of both of those resources depends the prosperity and the happiness of the Canadian people.

I suggest that this department and the provincial departments of a similar nature require the co-operation of a national voluntary organization to assist them in the same way as the Health League of Canada assists the Department of National Health and Welfare and the provincial health departments.

I understand that the Health League of Canada was formed in 1921, at the request of this dominion government, to assist in a nation-wide publicity program and campaign in connection with the co-operative efforts of the dominion and provincial governments to control certain diseases at that time. In view of the need for popular education in many health fields, the scope of this organization has greatly broadened in recent years, and it now undertakes a nation-wide education program in the field of health generally. It also sponsors two annual events in Canada, namely national health week and national immunization week which I understand are considered to be the greatest single annual events of this type recognized in Canada. These events receive the co-operation of the federal and provincial governments. I understand that the health league also publishes a national magazine known as "Health" and sends weekly news releases on health to all the newspapers in Canada in French and in English. In recognition of the valuable services it renders in this field—services that a government department cannot render, namely in education and the building up of public opinion in support of progressive health legislation—the government of Canada in recent years has been in the habit of giving a grant of $10,000 a year. I think that is far too little. As a matter of fact, had I been in the committee the other day when these estimates were under consideration, I intended to say so. But you cannot be in two places at once. I maintain, Mr. Chairman, that we need a similar type of national voluntary organization to perform similar services in preserving the health of our national resources in this country. I believe we need two aspects of co-operation. We need government organization, government conferences decisions and programs. If these are going to be promoted and administered effectively, we need the same type of voluntary organization in this field that we have in the field of national health and welfare. I know that in this country at the present time we have the Canadian Forestry Association, the Agricultural Institute of Canada and various engineering institutes and wildlife organizations all doing valuable work in their particular fields. However, while they all do a certain amount of educational and publicity work, their problems are largely technical and scientific. The greater part of their membership is composed of men with technical training and experience in the development of research and programs and things of that type.

I suggest, Mr. Chairman, that we need a national voluntary organization to supplement the activities of government. Such an organization, in my opinion, could deal with the subject in general, not in a scientific way, in order to build up a philosophy in support of the spirit of conservation and it would obtain the support of multitudes in this country. Its prime purpose would be to get the people interested in and concerned about the conservation of our natural resources. Now, before proceeding—I am not going to detain the house very long this evening—I do want to quote very briefly from an excellent article that came into my hands. This was an address, I believe, given by Mr. Mair, who is

director of the wildlife service, to a wildlife conference in the United States. It is entitled "Towards an ecological conscience". I do consider that an excellent title. I would advise anyone who is interested in this subject to get a copy of this address. I think in its general contribution to the whole question it is well worth anyone's while studying and publicizing the ideas contained therein.

I just want to quote two or three brief paragraphs because I think Mr. Mair has presented the subject in a most interesting and, in my opinion, somewhat unusual manner. He has this to say in one place:

> Let us confine our thinking for the moment, however, to the more immediate future. There is grave reason to doubt that we are presently sufficiently aware of our own place in the web of life to intelligently utilize our natural resources. To quote from another article, published in the Pennsylvania *Game News*: ". . . We have never learned the art of living with each other in this world without destroying ourselves and the natural resources that have made possible this great technological progress. Our tendency towards wars of self-destruction is surpassed only by our devastation of the resources that support them."

Then, there are two more paragraphs which I think are well worth inserting in the record.

> Those of us convinced of the vital place of nature, its waters, trees, flowers and wildlife, in our way of life must be strong to fight for retention of adequate living space for all these and ourselves today, and every day. But we must do very much more. We must be unceasing in our efforts to bring to others an understanding and an appreciation of the ecological concept and their place in it, of the land ethic and their close dependence upon soil and water.

Then, again:

> We must ensure that our people become intellectually and emotionally concerned with the land and water and the complex pattern of growth they support. Unless we can do this, to the end that every person, from the trapper and farmer to the business magnate and legislator, is proud to work with our living natural resources rather than ready to abuse them, we are fighting a losing battle.

I think Mr. Mair puts the ecological concept of the problem before us in very interesting language. I think if that is going to be done we have to have more than just government action. We have to have voluntary action along very much the same lines as we have voluntary action in support of the Department of National Health and Welfare. We have the foundation for such an organization now. We have the various conservation leagues in the various provinces across Canada. We have the wildlife associations; we have naturalists societies and we have youth organizations that could be utilized to great advantage. In British Columbia we have an annual provincial conference on natural resources. What we need is co-ordination of all these voluntary activities on a national basis to focus attention on this question, to develop interest and carry on a continual educational program.

This will require three or four things. It will require naturally a small, devoted and well informed national staff. It would demand an annual conference something after the fashion of the conference held in the United States by the wildlife organization, which over there also includes forestry resources, water resources and so on. It will require a national magazine of popular content, not a technical magazine. It will require continual publicity, news releases in the press after the fashion of the national health league. Now, if we can get this type of organization going by co-ordinating all the persons and organizations interested in this country, I think we can do a great deal. The work ought to be supported by much greater expenditures on the part of federal and provincial governments in the protection of these most valuable natural resources.

Now, all this will require money. In my opinion the minister's department would be well advised to copy the example set by the dominion government in 1921 when it invited the public to form a national organization on a voluntary basis and at that time gave a grant of $20,000 a year. I think the minister's department would be well advised if it were to promote the same type of national organization that would have a popular appeal and that would build up support for this idea across the country, and I suggest do the same work for the health of our natural resources as the health league is doing for the health of human beings. Now, such an organization, if it were developed and promoted, should receive grants from the federal government and possibly some assistance from the provincial governments.

There is one point I wish to make. We have a lot of Canadians who have benefited materially and financially from the development and exploitation of natural resources. I think the support for such an organization provides a splendid opportunity for our wealthier citizens to assist in financing this type of educational organization. I believe this is a very necessary step in the development of the concept of an over-all conservation program across this country. In my opinion, we must use every effort possible to bring Canadians to an appreciation of their kinship with the soil and the resources which sustain and develop the abundant life which we in Canada at this time are fortunate to enjoy. I believe this can be done most effectively by the co-operation of the government and a voluntary organization such as I have suggested. When the minister replies on the various items I would very much like—I have

submitted my resolution for quite a number of years without much success—to hear his comments on the suggestion I have put forward at this time.

Mr. Dinsdale: The Department of Northern Affairs and National Resources covers a great variety of activities. I do not intend at this time, and at this late hour in our proceedings to make any comprehensive or detailed survey. Rather, I would reserve any comments I have to make on the incidental items of the department until such time as we come to those items. Also, I would think it would be a good thing, if there are no other speakers, if we had a chance to hear a reply from the minister.

There is a matter that is in abeyance that I should like to bring once again to the attention of the house. I did so on June 22 and at that time the Minister of Finance, speaking for the government, said that a reply would be made at the appropriate time. I raise the matter again on the estimates of this department because it is under the jurisdiction of the Department of Northern Affairs and National Resources that this matter now lies, according to the information I have. I refer to the Fontana case, which is becoming somewhat of a celebrated case in Canada. It concerns the expropriation of a certain parcel of property in the vicinity of the town of Virden in the province of Manitoba. Just to give the committee and the minister some idea of the nature of this particular case I will take a few moments to review it briefly.

The case is named after one August Fontana who was farming this parcel of land up until the year 1940. At that time a part of his farm was required for use as an airport and expropriation action was taken by the government through a representative of the Canadian National Railways land branch to carry out the necessary proceedings with Mr. Fontana. Mr. Fontana, incidentally, was a successful farmer by this time, after having passed through difficult years of the early 1930's, the dirty thirties of the drought, and was once again on his feet in cultivating this land. He had come to this country from Italy in the early part of the century, and became a naturalized citizen in the year 1904. Since he was a patriotic Canadian, as I indicated on June 22, he quite willingly allowed his land to be used for defence purposes. Unfortunately, Mr. Fontana is not literate in the English language, and he was not fully aware of all the legal niceties involved in the expropriation transaction. Therefore, no steps were taken to reserve the mineral rights, although at that time—and I feel this is important to the case—he did request the privilege of continuing to remove gravel from this particular piece of property. Since that time—in 1950 to be precise—minerals in this particular section of the country had become valuable. Oil had been discovered, and Mr. Fontana took steps to inquire about the ownership of the mineral rights. He was under the impression that they had been reserved in his name, but he discovered that they had been reserved by the crown and through a series of proceedings the crown refused to take any action to reconvey them or to make any compensation for their loss. The original price that was paid to Mr. Fontana was $9,000. When the minerals were offered for lease by the crown I believe a bid of some $200,000 was received, with other concessions. Therefore, it would appear that the crown stands to make a substantial sum of money at the expense of Mr. Fontana.

Various parties have concerned themselves with this particular case. I had a return on the subject brought down in the house on June 25 of this year. It is sessional paper No. 243. It contained many interesting letters from various people, legal advisers and so forth, who were making representations to the government on behalf of Mr. Fontana. One letter I do wish to refer to is from Dr. Hannam, who is president of the Canadian federation of agriculture. On March 15, 1955 he wrote to the Minister of Agriculture, and the two pertinent paragraphs I should like to place on the record are the following:

> Considering that the action taken by Mr. Fontana in selling his land was involuntary in the first place, and that federal acquisition of the mineral rights was not necessary to the purpose for which the land was expropriated, it would not seem unreasonable to us that these mineral rights should revert to their original owner.
>
> However, we understand the Department of Northern Affairs and National Resources, which has administration of these oil rights, as in an advanced stage of negotiations for selling them on lease, and court action to halt these negotiations has, as of today, failed. Mr. Gerrand is asking Mr. Lesage if he will hold up the completion of sale of the lease until he can, if his request is granted, make further representations on this matter to a committee of the cabinet. You have, we understand, a copy of the letter to Mr. Lesage. We certainly feel that Mr. Fontana's claim to consideration is sufficiently well-founded that completion of the lease arrangements should be held up until further consideration is given the possibility of returning the mineral rights on the property to him.
>
> In the hope you will do whatever you can to avoid an injustice being done in this case, I am
>
> Yours sincerely,
>
> H. H. Hannam,
> President and Managing Director.

A copy of the letter was sent to the Minister of Justice as well. Now, I re-echo the

sentiments of Dr. Hannam in reference to this case when he says that unless some action is taken to compensate Mr. Fontana for the inadvertent loss of what would have normally been his had he not been asked to surrender the property, unless something is done to recompense him, to make some suitable adjustment, it seems to me that a grave injustice is going to be done to this Canadian citizen. He is 88 years of age today; he has a large family who are also interested in the matter and, as I emphasized on June 22, he is merely asking for the same privileges that have arisen from the possession of this land in this particular section by other farmers who, because of fortuitous circumstances, were not required to surrender their parcels of property for defence purposes.

Several prominent lawyers have interested themselves in this case. Dr. Hannam, of the federation of agriculture, as I have already indicated, has become extremely interested and I feel it is important because it concerns the rights of a private citizen being invaded by government. I am sure that if the government will view it in this way they will take every step possible. Certainly, there are all sorts of provisions in the Expropriation Act to make it possible for them to compensate Mr. Fontana or reconvey the mineral rights to him. In this day and age when governments more and more are invading the rights of private property owners I think we should lean over backwards to see that no injustice is done to this particular citizen. I leave the matter with the minister; I believe it is the responsibility of his department.

Item agreed to.

Mr. Lesage: Mr. Chairman, at the suggestion of the hon. member for Calgary North and the hon. member for Kootenay West I will be answering the various questions that have been raised during the general discussion when we reach each branch of the administration. Because of the diversity of this department may I suggest that we pass the supplementary estimates as we go along. May I have the unanimous consent and cooperation of my hon. friends in this regard?

Some hon. Members: Agreed.

293. Northern research co-ordination centre, including a grant of $10,000 to the Arctic institute of North America; and an amount of $15,000 for grants in aid of northern research subject to allocation by the treasury board, $75,158.

Mr. Dinsdale: Mr. Chairman, I raised this particular matter when the minister was introducing his bill concerning northern power development and I discovered I was somewhat out of order in doing so during the discussion on that particular piece of legislation. It would seem to me that item 293 concerning itself with the Northern Research Co-ordination Centre might have something to do with all manner of research that is taking place in northern Canada as well as the northern part of the U.S.S.R.

The minister will recall that the other day I referred to an article in the *Financial Post* of March 3, 1956 which suggested that rather interesting experiments were being carried out in weather modification and water diversion in the Soviet Arctic which would have some considerable bearing upon climatic conditions in Canada's northland.

In order to indicate that this is a subject which is being seriously considered I want to read a brief excerpt from this article which is entitled, "How Russ Plan to Heat Arctic Hits Canada". The author, a Mr. W. G. R. Cameron, is a responsible scientist, so I am told, and as the introduction to the article says:

> This is not science fiction.

The article continues:

> W. G. R. Cameron, the co-author of this article with *Post* staff writer Donald R. Gordon, is an economist who has devoted special study to announced Russian plans to change the northern hemisphere. This article is based on Russian announcements and on the interpretation thereof by Canadian scientists.

Apparently our Canadian scientists are concerning themselves with this question. The body of the article goes on to say that as a result of the program that is to be undertaken by Russia we can perhaps anticipate:

> A vast market garden in the Northwest Territories. Tennis in November on the shores of lake Athabaska.

The article goes on to state further:

> . . . it's Russia's dream, and the dream could have that impact on Canada. As successive steps of the red master plan are completed, these disturbances could occur:
>
> Disruption of the fragile climatic balance over Europe bringing longer, more bitter winter weather, eating into the vital European food growing season.
>
> Diversion of chill Arctic waters down the Canadian east coast past Halifax, adding to storms and early frosts in the fall, lengthening the winter perhaps tying up Halifax as a winter port.
>
> An estimated five foot rise in the world's ocean levels, flooding parts of London, New York, the Netherlands and hundreds of acres of coastal land.

Now, that sounds like science fiction—

Mr. Lesage: I believe you have touched it.

Mr. Dinsdale: —but it appears in a responsible newspaper, the *Financial Post,* and the introductory statement which I have read indicates that this is not science fiction.

Already the U.S.S.R. is taking steps to cut off the flow of Arctic waters into the Pacific ocean and this will have a climatic effect.

It is damming the two large rivers, the Ob and the Yenesei flowing into the Russian Arctic, and it would appear they are experimenting extensively with weather modifications.

I would like to ask the following question, Mr. Chairman. Just what negotiations go on concerning matters of this kind on an international level?

Mr. Lesage: There is none, sir.

Mr. Dinsdale: Pardon?

Mr. Lesage: There are no international negotiations concerning this matter. I had occasion to read the article just mentioned by the hon. member for Brandon-Souris and that is the limit of my knowledge of the question.

Mr. Dinsdale: There are no international channels of communication?

Mr. Lesage: On this question?

Mr. Dinsdale: Yes.

Mr. Lesage: There are no international discussions on this question, I can assure the hon. member.

Item agreed to.

National parks branch—

294. Branch administration, $90,852.

The Deputy Chairman: The hon. member for Saskatoon.

Mr. Nowlan: Ten o'clock.

Mr. Knight: Mr. Chairman, I want to say a word concerning national parks. I have just come from a committee meeting and I do not know whether or not this is the item.

The Deputy Chairman: We are discussing item 294, concerning national parks.

Mr. Knight: Do you want me to call it ten o'clock, sir?

Mr. Lesage: Please proceed.

Some hon. Members: Go ahead.

Mr. Knight: I do not know who is going to make the decision but as I am on my feet, may I proceed? I understand we are on item 294 concerning national parks.

Some years ago I had occasion to quarrel with the administration of the national park at Waskesiu on the subject of what are commonly called shack tents. Might I say first of all that my main interest in Waskesiu as a national park is that it provides a healthful and pleasant holiday ground for many people who cannot afford to go elsewhere. I might say, too, that while it is outside of my constituency my particular concern is due to the fact that the people of my city use that park almost exclusively as a holiday ground.

The shack tenter is usually a humble person. Quite often he does not have a car of his own and he has to use the facilities of bus transportation to go for his holiday.

I can well understand that it is a laudible ambition for the superintendent of a national park to keep the most frequented part in an orderly condition. He likes to have cottages built there that are a credit to the place; but if my conception of what a national park ought to be is correct, then I think there is some validity in my argument that these people should perhaps have even particular consideration.

The man who can afford a better holiday who is not pleased with the place can take his car and go off somewhere else and can afford to pay for accommodation. These people, however, are pretty well required to stay where they are because of their financial situation.

On the occasion I referred to a number of years ago, seven or eight years ago perhaps, these shack tenters had a very good location and were on the edge of the water. At that time the administration apparently thought of these shack tents as rather unsightly dwelling places and attempted to move them back into the bush away from the best facilities. They rented and sold the ground previously occupied by the shack tenters at expensive rates to people who could construct a class of cottage that was acceptable in the eyes of the park administration. I did take up the matter with the department. I think I had some influence in getting a better deal for those people, because, particularly in a national park, I think, those people have just as much right as anyone else to the waterfront. That went along for two or three years, but after that they were not able to resist the pressure and they were moved away from there, with the result that the location is not as good as many other locations were. That is the background.

Now I want to come to the particular situation today and I want to put in a particular plea with the minister for the type of person to make sure that those people have at least equal consideration with other people, and when they have set up homesteads—I use that word, of course, in a metaphorical sense —when they have squatted, if you like, or homesteaded on that particular piece of ground, I think it would have to be something important before they are moved away from a place which they have used for years. I expect that the same applies not only to the national park at Waskesiu but to other national parks of the same nature.

Now I come to my second point, and it is very short, that is to say, a great many of these people who build shack tents think that there is a good deal of unnecessary fuss about having to take them down every year. Whether they use this piece of land with the shack tent on it for one month or for two or three, they are charged the same fee, and under those circumstances they think they should be allowed to leave that building, because it is a little building, in position. Some of them think they should not be forced to take these things down in the wintertime. Although they are only going to spend a week or two weeks there, they have to have that erected again, and they are put to a considerable amount of trouble.

Just for the record, I want to define what I mean by a shack tent. A shack tent is a small building of which the walls are made of lumber, and it is customary to have on top, to cast off the rain, a peaked roof usually made of canvas. Those who complain about this say that most of them would be perfectly willing, if the department would allow them, to leave those things there permanently and that they would be perfectly willing to finish them off in a more substantial shape by putting on a permanent roof rather than the wobbly canvas thing, which gets out of repair and makes the place look not as neat as it otherwise would be. That is a cause for complaint, and, although it is not my constituency, I make no apologies for raising the point, because it is the people of Saskatoon city in particular, and more than other people, who use that as a playground.

However, the regulation of the department as it is now, I understand, is that these things have to be taken down. The top has to be removed. The sides have to be piled up. I presume that a caretaker or someone at the park takes care of them. When these people come up for a short holiday for a few weeks in the following summer, the whole process has to be gone through again and the thing has to be erected, only to be taken down in the immediate future.

Those are the two points I wanted to draw to the minister's attention. If I have to make a judgment, the first one is the more important, that is to say, a rather humble person who probably needs a holiday more than the others but who cannot be selective in a choice of a location or indeed of a park should get some special consideration in that matter, particularly if he has established through time something of a right in that particular manner. I should like to hear from the minister, who has his officials in front of him, his comment on what I have said and whether he could tell me if in fact I have painted something of a true picture of the situation.

Mr. Lesage: The plea that has been made by the hon. member for Saskatoon is exactly the kind of demand that I deplored this afternoon when I outlined what the policy of the department was on the national parks. The shack tents in Waskesiu are not very beautiful to see. I do not know whether the hon. member for Saskatoon has seen them as I have seen them, but they are certainly not a great asset to the beauty of the national parks. It is not surprising that we have to have certain regulations.

This afternoon when I was outlining the policy that we should follow with regard to the parks, one which was approved tonight by the hon. member for Kootenay West, a colleague of the hon. member for Saskatoon, I said:

> When it becomes necessary, in view of the greatly increased numbers of visitors, to rearrange camp grounds or to restrict their use to the period of a normal holiday, and when in the course of these changes certain persons lose some of the privileges they have enjoyed in the past, such as that of occupying the best place in the camp grounds over a whole season,—

And I could add "season after season."

> —we are told that we are depriving people of their rights, and our decisions can be most unpopular among the groups concerned.

That is what I said this afternoon, and I added:

> We do our best to meet particular interests when this can be done without prejudice to all the people of Canada; but once a situation becomes such that the interest of the people as a whole is suffering or is likely to suffer in future, we are duty bound to all Canadians—to whom the parks belong—to make the best rearrangements we can make.

I went to Waskesiu and I saw the shack tents. I know the condition of the people who use them, and I do not want to deprive those people of the only vacation they can get that is within their means, as the hon. member for Saskatoon has said, and I agree with him on that. However, they must understand that when they go to the parks they are not going to a summer vacation home that they have bought, on land that they own. They are going to a park which belongs to the whole people of Canada, and it is not the man who wants to stay in Waskesiu because he lives in Saskatoon and it is easy for him to go to Waskesiu. It is not his particular interest that should be the determining factor in our policy towards the park. It is in the interests of all the people of Canada that the natural beauty of this park be conserved as much as possible in its natural beauty for the whole of the people of Canada. That is our policy.

Mr. Knight: Would the minister state that it is the intention of that particular section that being a thing of beauty is the most important function of a national park?

Mr. Lesage: Why should the front view along Waskesiu lake be available to the same people year after year? Why should we not change the people who have the waterfront available to them? There must be some policy—

Mr. Knight: I of course do not agree with the minister at all because these people have not been allowed to stay there year after year. As I said in the earlier part of my remarks, they have been moved back. Why should they be put out of there in favour of somebody else? I am going to ask the minister this question. If his rule is that they are going to move these people out in sort of checker-board fashion so that all members of the public may enjoy for at least some time the finest sites, is the minister prepared to apply that rule to those who have built cottages costing $5,000, $6,000, $10,000 or $15,000? That is different, I take it.

Mr. Lesage: No, but since I have been in the department it has been impossible for anyone to lease land to build a cottage in the national parks. They have not been allowed to.

Mr. Knight: Cottages have been built there costing $5,000, $10,000, $15,000.

Mr. Lesage: Not since I have been in the department.

Mr. Knight: The minister is still the responsible minister, whether or not the cottages were built while he has been in office. I am asking him if he is prepared to apply to these particular cottages or houses the same rule that he is prepared to apply to these unfortunate people who can only afford shack tents.

Mr. Lesage: The situation when I came into the department, and I do not know for how many years before I came there, was that these people with cottages had 21-year leases which I understand are renewable under our regulations for another 21 years. That is quite different from the renting of land from week to week or for a fortnight or from month to month. It is a different situation completely.

Mr. Knight: My point is that the question of enjoyment has been sacrificed to a foolish idea of what the minister considers beauty. The minister says that the natural beauty of any park must be preserved. No one can agree with him more than I do, but I am going to suggest that the way to preserve the natural beauty of a woods and lake park is not to build town houses in it with beer stores and all the rest of the silly things that we have to put up with around our homes. When we go to this place we find city conditions, exactly the same conditions that prevail in the cities, and the people who can least afford that sort of thing are shoved back into the woods.

I am not going to use the word "slums" but according to the minister's ideas apparently that is what he will be prepared to create. You will be prepared to create an aristocracy in the place close to the water with the best conditions and all the rest of it and, somewhere in the bush behind, you are going to put the people who do not matter too much. I am warming up a little on the subject, and may I say that this is not the only direction in which this government shows the same kind of preference for this kind of people and not for the others. If you do not believe me, go into the small loans committee or somewhere else.

Mr. Hahn: Mr. Chairman—

Mr. Nowlan: Ten o'clock.

Mr. Hahn: —I do not wish to be critical in this instance.

Mr. Nowlan: Do you see the clock, Mr. Chairman?

Mr. Hahn: The hour is late, as I realize, but I understand that during the recent visit of the minister to British Columbia he had a discussion with the premier of that province as a result of which he made a certain undertaking in respect to an historic site in my area. I wish to compliment him on behalf of my constituents, the people of Fort Langley and the people of British Columbia generally for recognizing that the government does have a responsibility in preserving historic sites. The site I am speaking of is Fort Langley, the original capital of the province of British Columbia. I understand that the federal government has undertaken to pay half the cost of restoring the buildings on that site as well as the palisade and that it is to be opened for the B.C. centennial in 1958. I do not know whether the minister has anything to add on that point but I wish to thank him on behalf of the people of the province.

Mr. Harkness: Mr. Chairman, I have a considerable number of remarks in connection with parks, and there are some members who wish to speak on parks who are not here at this time. I suggest that perhaps we might make more progress if we held this item over, went on and finished the other items under this particular section and then came back to the administration item, No. 294.

The Deputy Chairman: Is it agreed that item 294 shall stand?

Some hon. Members: Stand.

Mr. Barnett: Mr. Chairman, I have some remarks I want to make on item 294. I happen to be here now and if we are going to continue consideration of the minister's estimates in committee I cannot really see any reason why I should not go on. I do not want to interrupt the orderly procedure of the committee, but I came here from one of the standing committees hoping that I might have a chance to say a few words on this item. I do not want to extend the sitting tonight beyond the wishes of other hon. members, but I cannot see that we will make much more headway by doing one thing than by doing another.

As it happens, the subject matter on which I want to say a few words is related to the remarks just made by the hon. member for New Westminster. In considering the item having to do with the administration of national historic sites at this session I feel that something should be said about the forthcoming centennial celebration in the province of British Columbia. I hope that the centennial, about which something has already been said in connection with the minting of a special coin, will be an event which will enable members of the house from other parts of Canada and the people of Canada generally to come to realize that when British Columbia entered confederation it did so as a crown colony which already had something of a history behind it.

I have noticed that there is some little disposition on the part of the people in the eastern parts of Canada to fail to realize that fact. I think there is a tendency to regard British Columbia as an adjunct to upper and lower Canada which suddenly came into being because of confederation. I hope that a growing sense of appreciation of the history and traditions of British Columbia will arise out of the centennial. Not long ago it happened to come to my notice, and I was a little startled by it, that the historic city of Halifax which, if my date is correct, was founded in the year 1746—

Mr. MacNaught: 1749.

Mr. Barnett: 1749—is only 100 years older than the city of Victoria which some people may regard as being out in the raw, wild and woolly west. I think it is important to realize, that without British Columbia in being as a crown colony at the time of confederation, Canada as we know it today would probably not exist because there would not have been a western anchor to tie Canada together.

I think it is also important to realize something of how that came to happen. Along with the member for New Westminster I also am very glad that historic Fort Langley is going to be restored. However, I should like to point out that Fort Langley and New Westminster are in fact by-products rather than the cause of the coming into being of British Columbia. They came into being because of the discovery of gold. If we are going to give recognition to what caused British Columbia to come into being to create the anchor which made Canada as a nation extending ocean to ocean possible, we must cast our minds into a rather plain and ordinary little gash between two hills in the heartland of the Cariboo in British Columbia and recognize that while, at a casual glance that little strip of land there is like a thousand and one other places in Canada, nevertheless, because in that valley there was discovered the richest piece of placer ground of its size that has ever been found anywhere on the face of the earth, British Columbia came into being as we know it today; that it became something more than a fur-trading outpost, which I think in all probability would have fallen into the hands of the expanding United States. For that reason, and because I happen to have lived for a number of years in that particular little area, and perhaps caught something of the spirit of the pioneers of British Columbia that I feel one can still hear whispering in the quiet hills of the Cariboo, I should like to suggest that, in this centennial celebration, and perhaps in some renewed interested on the part of the national historic sites and monuments people, the historic site of Barkerville will not be forgotten. I do not think that the matter of some suitable recognition and restoration of Barkerville would be as expensive as that of the restoration of Fort Langley. But nevertheless because of the fact that Barkerville came into being, I think I would venture to say that Canada as we know it today exists, and has its being as a national entity. I am very happy to know, in making particular mention of Barkerville tonight, that His Excellency the Governor General did see fit in his recent tour of British Columbia to make a special side trip from Quesnel back into the hinterland 60 miles to Barkerville, and that while he was there he met some of the oldtimers there, including that grand old man named Fred Tregillus, whom it would be a privilege for anybody to know. I hope the report which His Excellency will bring back with him of his tour of British Columbia will perhaps help to emphasize what I myself feel about Barkerville as a valuable historic site in Canada.

Barkerville was in its heydays in the early 1860's. Because of the fact that the entire town was burned in the winter of 1868-69, nothing really exists there which antedates the rebuilding in 1869. Some very interesting buildings were built by the people, many of them young sons of the province of Ontario who lie buried in the old graveyard there. Unfortunately many of those original buildings have gone which were there when I first saw the town. I think for example of the old Royal Cariboo Hospital building, of the No. 2 Masonic Lodge building of British Columbia, and of the old Theatre Royal which have all gone. In the days when Barkerville was the second largest place west of Chicago on this North American continent, stock companies used to travel all the way from San Francisco to play the Theatre Royal in Barkerville. You can imagine what a trip that must have been in those days.

An hon. Member: They had a brewery, too.

Mr. Barnett: Oh, yes. I myself have seen the remnants of some of the old stage settings that used to be used in the Theatre Royal in those days. I do not know whether or not any of those are left around Barkerville. I could tell at some length some of the things that I learned from some of the early pioneers who were still living while I was there, but I do not want to take up too much of the time of the committee tonight. However, I want to point out that in addition to the rather historic church which was built in 1869 there is still in existence one other building which I feel is worthy of preservation as a national monument in Canada. I refer to the old court house at Richfield which lies just above the present site of Barkerville. I paid a visit to that building last summer on my way home from the session. I must say that I was grieved to see this building slowly but surely destroyed as something of permanent value, although a number of years ago some work was done on that building by the British Columbia historical society in putting in new foundations. This is the court house where the first chief justice of British Columbia, namely the famous Chief Justice Begbey, held court. That is a building which I feel should be preserved. It is true that there is one of those stone cairns at the entrance to Barkerville marking the end of the Cariboo trail. But apart from that, very little indication of national interest in that site has occurred. I hope that, in co-operation with the interested people and agencies in British Columbia, during the period approaching the centennial year the national historical sites and monuments people and the minister will take some special interest in the retaining of Barkerville as one of the most historic and significant national sites which has gone to the making of Canada as we have it today.

Some hon. Members: Carried.

The Deputy Chairman: Shall item 294 stand?

Some hon. Members: Stand.

Mr. Rowe: Ten o'clock.

The Deputy Chairman: Item 294 stands by agreement.

295. Administration, operation and maintenance, $4,973,938.

Mr. Dinsdale: On item 295—

Mr. Fulton: It is 10.30.

An hon. Member: Go ahead.

Mr. Dinsdale: I believe that I have the right item for the question, and I may say that it is a question. On looking at page 403 I notice that the vote for Riding Mountain park is increased this year. Last year it was $130,848 and this year it is $230,538. I am pleased to see that increase because—

Mr. Lesage: That is vote 296 that you are talking about.

Mr. Dinsdale: It is item 296?

Mr. Lesage: Yes.

Mr. Fulton: Ask your question now.

Mr. Lesage: No. Carry item 295 and ask your question on item 296.

The Deputy Chairman: Shall item 295 carry?

Item agreed to.

296. Construction or acquisition of buildings, works, land and equipment, $9,337,340.

Mr. Dinsdale: I am glad to see this increase—

Mr. Dufresne: He was anxious to express his satisfaction.

Mr. Dinsdale: —because in recent years Riding Mountain national park has tended to be the Cinderella of parks, notwithstanding the fact that it is one of our more popular national parks. For years now it has maintained an attendance record that was second only to Banff national park. I think that is largely accounted for by the fact that it is a part of that excellent system of tourist attractions on Highway No. 10 that include the international peace garden as well as the Riding Mountain national park leading on into the fishing country up in the Flin Flon region. Now, if the minister could indicate some of the larger items that will

be covered by this expenditure I think it would be interesting to the committee.

Mr. Lesage: It is mainly for equipment; the increase is for the purchase of equipment.

Mr. Dinsdale: Is there any major construction such as, for example, the improvement of the tourist camp site?

Mr. Lesage: The decrease in construction this year is due to the fact that last year a new administration building was erected in Riding Mountain national park. This year the increase is due to the acquisition of new equipment. I had a list here and it is a long list. The main item is for one mobile truck crane equipped with a half cubic yard back-hoe, $35,000. The total for equipment is $129,843.

Mr. Harkness: I just have a short question. The bulk of this item, about $7·5 million, is for trunk roads. I wonder if the minister would tell us what is meant by trunk roads?

Mr. Lesage: Trunk highways.

Mr. Harkness: Or trunk highways, on which this $7·5 million is to be spent.

Mr. Lesage: I did mention that in my statement on July 12, but I do not mind repeating it. The trunk highways are the highways in the parks which link one park to the other or which are main thoroughfares through the park. For instance, we consider as a trunk highway, highway No. 10 through Riding Mountain park.

Mr. Dinsdale: That is the main street of the Americas.

Mr. Lesage: There is also the highway which goes through Prince Albert national park; the Banff-Windermere highway and the Banff-Jasper highway. As I said this afternoon, we are planning on an eight-year construction program on these main highways in the national parks. This does not take into account, of course, the trans-Canada highway which goes through Banff and Yoho parks and which is being built by public works.

Mr. Churchill: In connection with this item, page 403 shows an expenditure of $361,710 for historic sites.

Mr. Lesage: Yes.

Mr. Churchill: Could the minister inform us what the sites are?

Mr. Lesage: The details of those?

Mr. Churchill: Yes, unless it is a lengthy list.

Mr. Lesage: There is a very long list but I can give the main items. There is the restoration of Signal Hill in St. John's, Newfoundland. This site is just being transferred to us by the city of St. John's and the government of Newfoundland. The cost is $25,000. There is the continuation of works at the fortress of Louisbourg, $25,000. There is the continuation of restoration and repair of the Halifax citadel, $120,000; repairs to the fortification and walls in Quebec city—this is an annual amount—$25,000; the restoration of Fort Langley. While there is $15,000 in this vote, the total cost will be $125,000 for the federal government and the same amount for British Columbia. The Fort Langley restoration is to be ready in 1958 in time for the celebration of the centennial of that province.

There is the construction of a small building at Lower Fort Garry, $10,000. The erection of new memorials throughout Canada will cost $25,000. Then, there is a long list of amounts below $8,000. I knew when I reached Lower Fort Garry, $10,000, we would not have to go any farther.

(Translation):

Mr. Dufresne: Mr. Chairman, the minister has just mentioned an amount of $25,000 for the Quebec fortifications and has said, I think, that this amount was voted annually. Can he explain why this is an annual vote?

Mr. Lesage: Mr. Chairman, this amount of $25,000 has been voted annually, at least ever since I have become Minister of Northern Affairs and National Resources, for the maintenance and proper care of the walls and fortifications of Quebec city.

Mr. Dufresne: Are these the walls and fortifications which stand on the battlefield?

Mr. Lesage: Not at all. This does not concern the battlefield, but rather the Citadel, the St. Louis and St. Jean gates, etc.

Mr. Dufresne: Very well.

(Text):

Mr. Matheson: I have a request to make of the minister in connection with the highway development program in Prince Edward Island national park. I know the minister agrees with me that it is a very important development because when completed, if it is completed, it will link together what are now three separate portions of the park which are divided by inlets on the north shore of Prince Edward Island. I should like the minister to put on the record very briefly what this will amount to, and I should like his assurance that what is on the record will be carried through.

Mr. Lesage: The estimates for this year are as follows: for what I have called up to now the Ocean View highway: There is seal coating with asphalt, $54,000, and this covers the Dalvay, Stanhope and Cavendish highway, 11·15 miles; there is an item here for the construction of a pile trestle bridge at Covehead inlet, 24 feet wheeling, 18 foot curb, 600 feet long, $368,000. There is the construction of a road from Stanhope to the trestle bridge which will cost $208,000.

Mr. Charlton: I should like to ask the minister if any decision has been reached yet by the historic sites and monument board regarding Chiefswood, the birthplace of Pauline Johnson? I have had a considerable amount of correspondence with the board in regard to this matter as well as with the minister just recently. I see nothing in the estimates regarding it and I wonder if a decision has been reached? I understood a decision was going to be reached at the last meeting of the board. I had not heard from the minister since and I am just asking now if a decision was reached?

Mr. Lesage: I am informed by my deputy ministers that this matter was discussed at the last meeting of the board. I have not received as yet for consideration the final recommendations of the board. I know they are in a division of the department, but I have not received them in their final form.

Mr. Charlton: I know that certain members of the band asked questions and were given some information that the recommendation was going to be accepted. How did they get that information?

Mr. Lesage: I will have that information available as soon as I have the final report of the board. They make a report after every one of their meetings. I expect that in a week or 10 days I will receive it and my hon. friend may rest assured that I will let him know what the final recommendation has been and how it has been received and if I can approve of it.

Mr. Green: Within the last two or three weeks it has been decided that the trans-Canada highway will go through Rogers pass in British Columbia and most of that route will traverse Glacier national park and Mount Revelstoke national park. So that a good portion of the cost will have to be paid by the minister's department. I think this particular vote which we are now discussing is the one from which that money would have to come, and I wish—

Mr. Lesage: I am afraid the hon. member is under a false impression. The whole of the money for the trans-Canada highway through the national parks is provided in the estimates of the Department of Public Works.

Mr. Green: In what way is the minister's department involved?

Mr. Lesage: The department provides the land.

Mr. Green: The Department of Northern Affairs and National Resources has nothing whatever to do with the construction of the highway?

Mr. Lesage: Not with the construction; the only thing we do is to provide the land and approve the route.

Mr. Green: Why has the minister in the details on page 403 the following:

National parks trunk highways, $7,454,775.

Mr. Lesage: I believe, Mr. Chairman, I explained a few moments ago what the trunk highways were, and I was careful to except the trans-Canada highways from the trunk highways.

Mr. Rowe: Tributary to it?

Mr. Lesage: No, not necessarily tributary. The Banff to Windemere highway is a trunk highway and the Banff to Jasper is a trunk highway and they come under the jurisdiction of this department. Money is provided for such highways in these estimates. It is for the rebuilding of a part of these two highways and other similar highways. The construction of the trans-Canada highway through the parks is the complete responsibility of public works except that this department supplies the land and approves the route.

Mr. Green: Who pays for the maintenance?

Mr. Lesage: Public works.

Mr. Green: That is true of the trans-Canada highway wherever it goes through a national park?

Mr. Lesage: I am informed by my officials that they are still discussing the question with the officials of the Department of Public Works as to who is going to maintain the trans-Canada highway through the parks and they have not come to any conclusion yet.

Mr. Green: That is a very important subject because the maintenance of the highway through these particular parks will be quite expensive.

Mr. Lesage: The maintenance?

Mr. Green: Yes.

Mr. Lesage: Well, yes.

Mr. Green: Maintenance would include clearing snowslides and things like that.

Mr. Lesage: Yes; there is quite a lot of snow. Yes, it would.

Mr. Green: You had better get a snow shovel.

Mr. Lesage: This will have to be discussed.

Item agreed to.

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

Mr. Harkness: This grant has been $5,000 for a number of years. In view of the amount of inflation which has gone on, if $5,000 was justified several years ago I would think that possibly there might be the addition of $1,000 or $2,000 to this grant in order to bring it up to something like the level it was when it was first granted. It is a small item, of course, but I understand that the Jack Miner foundation is having difficulty financing owing to the very fact that the cost of everything has gone up. Therefore, I think there is some justification for making a small increase in this grant.

Mr. Lesage: This would have to be considered for next year, of course.

Item agreed to.

298. Grant in aid of the development of the international peace garden in Manitoba, $10,000.

Mr. Dinsdale: Just a brief word, Mr. Chairman; I would be remiss in my duty if I did not make an annual report on the progress of the international peace garden. The grant for the international peace garden is $10,000, and I suppose the argument that was raised by the hon. member for Calgary North with reference to the grant in aid of the Jack Miner foundation would also apply to the international peace garden; in fact, it would apply to a greater extent because unfortunately recently, owing to a misunderstanding of the importance of this very worth-while project, the grant was discontinued for a short period and then restored at the reduced rate of $10,000. I say "reduced rate" because for several years the international peace garden was supported to the extent of $15,000 a year. Rather than meeting the problem of the inflationary conditions by an increase in the grant, it has been decreased.

I draw this matter to the attention of the minister because I am sure that, as a result of all the representations that have been made in recent years by members of the cabinet and by citizens across the country, he is fully aware of the importance of this development not only as a symbol of the universal longing for peace but also as a practical tourist attraction. The tourist industry in Canada has been lagging in recent years in comparison with the relative number of Canadians visiting the United States. But, so far as the peace garden is concerned, the reverse is true, there is a larger number making a pilgrimage to this very important development. For example, last year cars from 48 states were registered in the garden. There were international visitors from countries as far away as Scotland, Switzerland, South India, South Rhodesia, and so on. More and more voluntary groups having an interest in international affairs are choosing this site for their gatherings. For example, an international band camp was held. Some of the outstanding musicians of this continent were brought in.

I do not need to enlarge further on the theme, Mr. Chairman, except to point out that this is a very worth-while development. I do hope that the government can see its way clear at least to restoring the grant to the former level. The development on the United States side of the boundary is moving ahead much more rapidly than on the Canadian side, and I am sure, in the interest of national prestige, national pride, almost everyone would like to see us keep up our end of this development.

Item agreed to.

299. National battlefields commission—to supplement the sum of $125,000 granted by an act respecting the national battlefields at Quebec (chap. 57, statutes of 1908, as amended) for the purposes and subject to the provisions of the said act, $21,331.

(Translation):

Mr. Dufresne: Mr. Chairman, I have no intention of delaying the estimates of the minister and I shall certainly not undertake to go over the history of the Quebec battlefields. I shall simply say that we were greatly pleased last year, when these same estimates were under consideration, to grant a supplementary amount of $25,000 which was apparently needed for the maintenance and administration of the Quebec battlefields commission.

However at this stage I take the liberty of making a few suggestions to the honourable minister.

I believe it would be most advisable—and I have no objection to it—to grant a supplementary amount to bring about the necessary improvements to the belt road around the battlefields. We note with regret that at some places the road is in very bad repair. It is bad publicity in view of the many thousands of tourists from everywhere who come to visit one of the most beautiful historic sites of the old capital.

I would also ask the minister to avail himself of his position to recommend to the battlefields commission that they ask those who are entrusted with the supervision of the battlefields, that is members of the R.C.M.P., about the possibility of giving a little more attention to the lands under the jurisdiction of the commission. I know that those people fulfil their duties very well, I have no doubt about it; they may not be sufficiently numerous because we of Quebec often receive complaints to the effect that the battlefield grounds are a danger to morals. I believe there should be a much closer supervision at that place.

I also wish to congratulate and thank the honourable minister who undoubtedly authorized our national society, the St. Jean Baptiste society, to use those grounds on June 24 last for the great parade held at Quebec on our national day.

Mr. Chairman, I see that an extra sum of $21,331, which did not appear last year, has been inserted in this year's estimates. Would the hon. minister be kind enough to explain that supplementary amount?

Mr. Lesage: One word only, Mr. Chairman. Obviously the hon. member for Quebec West (Mr. Dufresne) is growing old, since he is now requesting closer supervision in a park which, no doubt, he frequently visited in his younger days—

Mr. Dufresne: I was just as staunch a defender of morals twenty years ago as I am now. I have been well brought up. In fact, you may ask the hon. member for Portneuf (Mr. Gauthier).

Mr. Gauthier (Portneuf): I beg your pardon?

Mr. Dufresne: I was saying that my upbringing has been good.

Mr. Lesage: The member for Quebec West complains about the condition of the belt road in the park. I am rather surprised since I have accompanied the Right Hon. Prime Minister of Australia (Mr. Menzies) last week on a visit to battlefields park. I drove him around the belt road and I did not find it in bad condition. It may be that I was driving a little slower than my hon. friend, since the speed limit there is 15 miles per hour. However, I will bring the remarks of the hon. member for Quebec West to the attention of the officials of my department.

As far as the amount of $21,331, that is item 299, is concerned, that money is needed to bring the salaries of the employees of the battlefields commission up to the level prevailing in Quebec and the vicinity.

Last winter we instituted an inquiry into the salaries paid the employees of the national battlefields park and we found out that these salaries were below those paid to workers holding similar jobs in the city and the district of Quebec. Following these findings we came to the conclusion that in order to bring the salaries of these employees to the level of those paid for similar occupations we needed for the fiscal year running from April 1, 1956 to March 31, 1957 an appropriation of $21,331.

Mr. Dufresne: Mr. Chairman, I am very glad the Minister of Northern Affairs and National Resources made that statement, for it simply proves the importance of the opposition. Last year—

Mr. Marler: You certainly need proof.

Mr. Dufresne: Pardon? Would the minister repeat?

Mr. Marler: I said you needed proof.

Mr. Dufresne: We need proof? The size of the opposition is proof enough today of what we say. Last year, when we went into this item of $125,000, that is to say, when we increased the required contribution from $100,000 to $125,000, I pointed out to the minister that to my mind, most of the employees of the board were not getting the salaries that they would have received elsewhere for similar work. I understand that, following those remarks and representations on behalf of the workers, the minister was kind enough to make the investigation I just referred to and granted the workers the salaries to which they were entitled.

So, I want to express my thanks on behalf of the workers, particularly those of my county, a county which has long been Liberal, and where a good many of the workers have been given jobs by the Liberals—

Mr. Lesage: And it is going to be Liberal again soon.

Mr. Dufresne: I beg your pardon?

Mr. Lesage: It is going to become Liberal again soon.

Mr. Dufresne: Well, it might be presumptuous on the part of the minister to mention such things, and I would advise him to take care of the Montmagny-L'Islet county. As

far as Quebec West is concerned, I am going to look after it myself.

Once again, Mr. Chairman, I thank the hon. minister for improving the lot of the workers and, on their behalf, I renew my thanks.

(Text):

Item agreed to.

National battlefields commission—

662. To provide for special works at National Battlefields park, Quebec, $10,000.

Mr. Rowe: Eleven o'clock.

The Deputy Chairman: Carried?

Mr. Lesage: Item 662 also relates to the battlefields commission.

Mr. Green: Mr. Chairman, it is well past ten o'clock.

Mr. Fulton: Oh, carry 300 and 301, too.

Item agreed to.

Mr. Fulton: Item 300 carried.

Mr. Green: No, item 300 is not carried.

Mr. Fulton: Well, I did my best for you.

Progress reported.

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

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we will continue with these estimates tomorrow and then take agriculture and transport.

The Acting Speaker (Mr. Applewhaite): It being after ten o'clock this house stands adjourned until tomorrow at eleven o'clock in the forenoon.

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

Questions

ANSWERS TO QUESTIONS

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

NAVAL BARRACKS, CHARLOTTETOWN, P.E.I.

Question No. 566—**Mr. Matheson:**

1. When are tenders expected to be called for a new naval barracks at Charlottetown?
2. On what date is actual construction expected to get underway?

Answer by: **Mr. Hellyer, Parliamentary Assistant, for the Minister of National Defence:**

1. Approximately October 1, 1956.
2. Approximately January 31, 1957.

SHIPPING FACILITIES, DALHOUSIE, N.B.

Question No. 571—**Mr. Van Horne:**

What action, if any, is being taken to implement and construct adequate facilities to accommodate shipping demands at the year round port Dalhousie, New Brunswick?

Answer by: **Mr. Bourget, Parliamentary Assistant, for the Minister of Public Works:** No decisions have been taken.

NATIONAL DEFENCE—PROPERTY EXCHANGES, HALIFAX

Question No. 579—**Mr. Balcom:**

In the exchange of several properties between the city of Halifax and the Department of National Defence in 1946, what was the agreed and fixed market price placed, at that time, on the property known as Bellevue, corner Spring Garden road and Queen street, Halifax?

Answer by: **Mr. Hellyer, Parliamentary Assistant, for the Minister of National Defence:** $10,000.

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

DEPARTMENT OF EXTERNAL AFFAIRS

95. Representation abroad—construction, acquisition or improvement of buildings, works, land, equipment and furnishings, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,987,207.

96. To provide for official hospitality, $30,000.

97. To provide for relief and repatriation of distressed Canadian citizens abroad and their dependents and for the reimbursement of the United Kingdom for relief expenditures incurred by its diplomatic and consular posts on Canadian account (part recoverable), $15,000.

98. Canadian representation at international conferences, $200,000.

99. Grant to the United Nations association in Canada, $11,000.

100. Grant to the international committee of the Red Cross, $15,000.

101. Grant to Atlantic Treaty Association of Canada, $2,500.

102. To authorize and provide for the payment of fellowships and scholarships and travelling expenses to enable Canadians to study in France, The Netherlands and Italy, and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, and for payment to the Royal Society of Canada of amounts not to exceed $10,000 in all to meet travelling and other administrative costs incurred by the society for those it may designate to act on its behalf in selecting persons to receive fellowships and scholarships, $125,000.

B—General—

103. To provide for the Canadian government's assessment for membership in international (including commonwealth) organizations, as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $2,977,569.

104. To provide for a further contribution by the Canadian government towards the cost of constructing the North Atlantic Treaty Organization permanent headquarters in an amount of 57,800,000 French francs, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $165,077.

105. To provide for the Canadian government's contribution to the United Nations expanded program for technical assistance to underdeveloped countries in an amount of $1,800,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $1,798,875.

106. Contribution to the United Nations children's fund, $650,000.

North Atlantic Treaty Organization—

107. To provide, subject to the approval of the governor in council and notwithstanding the Civil Service Act, for special administrative expenses, including payment of remuneration, in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic treaty organization (part recoverable from the North Atlantic Treaty Organization), $35,484.

International civil aviation organization—

108. To provide the international civil aviation organization with office accommodation at less than commercial rates, $200,543.

International joint commission—

109. Salaries and expenses of the commission including, subject to the approval of the governor in council and notwithstanding the International Boundary Waters Treaty Act, as amended, payment of salary of the chairman of $17,000 per annum, $100,745.

110. To provide for Canada's share of the expenses of studies, surveys and investigations of the international joint commission, $199,180.

Terminable services—

111. Colombo plan, $34,400,000.

112. To provide for the Canadian government's assessment for membership in the inter-governmental committee for European migration in an amount of $209,665 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $209,534.

113. To provide for a grant by the Canadian government to the United Nations refugee fund, $125,000.

114. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

115. To provide for the cost of Canada's participation as a member of the international commissions for supervision and control in Indo-China including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salary rates of commissioners, secretaries and staff by the governor in council; and to ratify the appointments made by the governor in council to the said commissions and the salaries relating thereto fixed by the governor in council prior to the current fiscal year, $564,500.

A—Department and missions abroad—

616. Departmental administration—further amount required, $121,199.

B—General—

617. To provide for the Canadian government's assessment for membership in international (including commonwealth) organizations, as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of May, 1956—further amount required, $160,491.

International civil aviation organization—

618. To provide for a payment to the international civil aviation organization in part reimbursement of compensation paid to its Canadian employees for Quebec income tax for the 1955 taxation year, $7,500.

Terminable services—

619. To provide for a contribution towards the erection of a monument at Steinkjer, Norway, in honour of the Arctic explorer, Otto Sverdrup, $1,400.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

292. Departmental administration, $543,934.

293. Northern research co-ordination centre, including a grant of $10,000 to the Arctic institute of North America; and an amount of $15,000 for grants in aid of northern research subject to allocation by the treasury board, $75,158.

National parks and historic sites services—

295. Administration, operation and maintenance, $4,973,938.

296. Construction or acquisition of buildings, works, land and equipment, $9,337,340.

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

298. Grant in aid of the development of the international peace garden in Manitoba, $10,000.

299. National battlefields commission—to supplement the sum of $125,000 granted by an act respecting the national battlefields at Quebec (chap. 57, statutes of 1908, as amended) for the purposes and subject to the provisions of the said act, $21,331.

660. Departmental administration—further amount required, $20,000.

National parks branch—

National parks and historic sites services—

661. Construction or acquisition of buildings, works, land and equipment—further amount required, $1,765,000.

National battlefields commission—

662. To provide for special works at National Battlefields park, Quebec, $10,000.

HOUSE OF COMMONS

Friday, August 3, 1956

The house met at eleven o'clock.

COMMITTEE ON ESTIMATES

Sixth report of special committee on estimates.—Mr. Tucker.

BUSINESS OF THE HOUSE

CHANGE IN ORDER OF PROCEEDINGS

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, it occurred to me today that we might facilitate the business of parliament by changing the order of business a little bit to dispose of the first three items on the orders of the day so that in the other place they might be considering these matters while we were going on with other things. I would suggest to the house that we take the third reading of Bill No. 388, third reading of Bill No. 349 and third reading of Bill No. 343 this morning in that order, and then go on with the estimates as I indicated last evening.

EXTERNAL AFFAIRS

EGYPT—STATEMENT BY FRANCE, UNITED KINGDOM AND UNITED STATES ON SUEZ CANAL

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the representatives of the governments of France, the United Kingdom and the United States issued a communique last evening after their conference in London. I just received the text of the communique a few moments ago, and perhaps because of the importance of the matter involved it might be of interest to the house to have the text read into the record.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. St. Laurent (Quebec East): It reads as follows:

The governments of France, the United Kingdom and the United States join in the following statement:

1. They have taken note of the recent action of the government of Egypt whereby it attempts to nationalize and take over the assets and the responsibilities of the Universal Suez Canal Company. This company was organized in Egypt in 1856, under a franchise to build the Suez canal and operate it until 1968.

The Universal Suez Canal Company has always had an international character in terms of its shareholders, directors and operating personnel and in terms of its responsibility to assure the efficient functioning as an international waterway of the Suez canal. In 1888 all the great powers then principally concerned with the international character of the canal and its free, open and secure use without discrimination joined in the treaty and convention of Constantinople. This provided for the benefit of all the world that the international character of the canal would be perpetuated for all time irrespective of the expiration of the concessions of the Universal Suez Canal Company. Egypt as recently as October, 1954, recognized that the Suez canal is "a waterway economically, commercially and strategically of international importance", and renewed its determination to uphold the convention of 1888.

2. They do not question the right of Egypt to enjoy and exercise all the powers of a fully sovereign and independent nation, including the generally recognized right under appropriate conditions to nationalize assets not impressed with an international interest which are subject to its political authority. But the present action involves far more than the simple act of nationalization. It involves the arbitrary and unilateral seizure by one nation of an international agency which has the responsibility to maintain and to operate the Suez canal so that all the signatories to, and beneficiaries of, the treaty of 1888, can effectively enjoy the use of an international waterway upon which the economy, commerce and security of much of the world depends. This seizure is the more serious in its implications because it avowedly was made for the purpose of enabling the government of Egypt to make the canal serve the purely national purposes of the Egyptian government rather than the international purpose established by the convention of 1888.

Furthermore, they deplore the fact that as an incident to its seizure the Egyptian government has had recourse to what amounts to a denial of fundamental human rights, by compelling employees of the Suez canal company to continue to work under threat of imprisonment.

3. They consider that the action taken by the government of Egypt, having regard to all the attendant circumstances, threatens the freedom and security of the canal as guaranteed by the convention of 1888. This makes it necessary that steps be taken to ensure that the parties to that convention, and all other nations entitled to enjoy its benefits, shall in fact be assured of such benefits.

4. They consider that steps should be taken to establish operating arrangements under an international system designed to assure the continuity of operation of the canal, as guaranteed by the convention of October 29th, 1888, consistently with legitimate Egyptian interests.

5. To this end they propose that a conference should promptly be held of parties to the convention and other nations largely concerned with the use of the canal. The invitations to such a conference to be held in London on August 16th, 1956, will be extended by the government of the United Kingdom to the governments named in the annex to this statement. The governments of France and the United States are ready to take part in the conference.

Inquiries of the Ministry

The list annexed to the statement is as follows:

Following is list of countries to be invited to conference:

Parties to the convention of 1888.

Egypt, France, Italy, Netherlands, Spain, Turkey, United Kingdom, U.S.S.R.

Other nations largely concerned in the use of the canal either through ownership of tonnage or pattern of trade.

Australia, Ceylon, Denmark, Ethiopia, Federal Republic of Germany, Greece, India, Indonesia, Iran, Japan, New Zealand, Norway, Pakistan, Portugal, Sweden, U.S.A.

At the same time I received a personal message from Sir Anthony Eden explaining the real difficulties they have had in settling the list of countries to which invitations should be sent in order to have a basis which would keep the conference within reasonable limits and expressing the assurance that in spite of the fact that within that criteria Canada was not included we would be kept in the closest touch possible during the conference. I can only say that this government supports strongly the objectives of the conference as stated in this communique, and that I am replying to Sir Anthony Eden's personal communication to me that such is the attitude of the Canadian government.

PIPE LINES

TRANS-CANADA PIPE LINES—PRESS REPORT GAS NOT AVAILABLE IN WINNIPEG THIS YEAR

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Trade and Commerce if he will comment on the accuracy of the report that appears today as a Canadian Press dispatch and which came over the Canadian broadcasting news this morning, to the effect that Trans-Canada Pipe Lines Limited has said that natural gas will not be available in Brandon and points east until the summer of 1957, whereas Winnipeg and Brandon had expected to have natural gas this winter?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I can hardly understand the concern of the opposition considering that they fought like tigers to have no start made on the pipe line. I cannot understand their concern about delay, if there is delay.

Mr. Fleming: I will tell you what the concern is. It is that you should be held to the assurances you gave to the house; that is the concern.

Mr. Howe (Port Arthur): Are you speaking on the orders of the day? I communicated with the vice-president in charge of construction, and he has authorized me to make this statement:

No authorized representative has made any statement to anyone that gas will not be delivered in western Canada this year. The company is laying pipe and expects to continue to lay pipe just as long as the supply of pipe and weather will permit. Trans-Canada has not given up hope of completing the section to Winnipeg this winter nor has it so indicated to anyone.

Mr. Fleming: Mr. Speaker, does that mean that the information given the minister is that the telegram referred to in the dispatch as having been issued over the name of Mr. Bernard Low, vice-president in charge of sales for Trans-Canada, was not authorized?

Mr. Gardiner: Mr. Low denied it himself.

Mr. Howe (Port Arthur): Mr. Low himself denied sending such a telegram as was reported on the radio. If my hon. friend had listened to the broadcast he would have noted that fact.

Mr. Fleming: No, Mr. Chairman, any expressions I used were taken from the press dispatch concerned.

PUBLIC SERVICE

CIVIL SERVICE COMMISSION—SUGGESTED APPOINTMENT OF MISS CHARLOTTE WHITTON

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Prime Minister. I apologize for not sending him notice, but the idea was of too recent birth to be transmitted by messenger. It concerns an appointment that is intriguing many people in Ottawa. I shall ask three questions in order to save the time of the house, Mr. Speaker.

Yesterday the Prime Minister told the house that he "very soon" would be appointing a woman to fill the vacancy on the civil service commission. Would he tell the house today:

1. Whether, among the many "well qualified candidates" he spoke of as being available for the position, he has considered the appointment of Miss Charlotte Whitton?

2. Whether he would not agree that Miss Whitton's appointment would be well justified both on the grounds of her unquestioned qualifications, and of providing the commission with a strong-minded and vigorous administrator?

3. Whether he has considered the other advantages that might accrue from Miss Whitton's appointment, not excluding that of having Miss Whitton campaign in the coming election as a Tory candidate?

Right Hon. L. S. St. Laurent (Prime Minister): I thank the hon. gentleman for all the implications of his question. I can assure him that they will be considered, but

that the appointment to the civil service commission will not be made by me but will be recommended by me in consultation with my colleagues. This recommendation will not involve any consideration of who may or may not be a candidate in the Ottawa region at the next election.

HOUSING

MORTGAGE MONEY—REQUEST FOR STATEMENT OF POLICY ON ALLEGED SHORTAGE

On the orders of the day:

Mr. D. S. Harkness (Calgary North): I should like to direct a question to the Minister of Public Works. Has the minister given consideration to a brief submitted by the western management committee of the national house builders' association? Will he comment on their representations, particularly this one, that unless mortgage funds are available not later than September 1, 1956 there will be a very serious unemployment situation in many centres throughout Canada during the winter of 1956-57?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I do not recall having seen the brief, but in commenting on the last statement made by the hon. member, I do not think I can add to the statements I have already made in the house.

THE MINISTRY

REFERENCE TO FILLING OF CABINET VACANCY

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to direct a question to the Prime Minister. Now that Brigadier Allard's rejection of the Prime Minister's invitation to join the cabinet is known to be complete and final, does the Prime Minister intend to consider his own followers in the house as possible candidates to fill the vacancy which exists in the cabinet at the present time, or does he intend to continue to look outside in an attempt to find a suitable man to fill this vacancy?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the Prime Minister's intentions will be made known by the actions that will be taken and I can assure the hon. gentleman that in considering members of the house I had not thought of considering the hon. gentleman.

Mr. Hees: Mr. Speaker, I had not really thought that he had. May I ask him a supplementary question? Is it the intention of the government to continue to have the portfolios of post office and veterans affairs held by one minister, or is it his intention to have each portfolio held by a separate minister as soon as possible?

Mr. St. Laurent (Quebec East): I can only repeat that the intentions of the government will be made known by the actions taken.

HOUSE OF COMMONS

PUBLIC SERVICE—REQUEST FOR HOLIDAY ON AUGUST 6

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Finance. Since members of parliament are working tomorrow and Monday in preference to taking holidays, is consideration being given to making holidays tomorrow and Monday available to the maximum number of civil servants owing to the fact that they worked over the Dominion day holiday?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I realize the inconvenience that arises because of our being here on holidays. It has been our practice to do that when parliament is sitting, but I am quite sure we shall be able to work it out in such a manner that there will not be too much inconvenience to those who have to service us while we are here.

MEMBER FOR MOOSE JAW-LAKE CENTRE—ALLEGED AGREEMENT WITH GOVERNMENT

On the orders of the day:

Mr. John B. Hamilton (York West): Mr. Speaker, I think in view of the present mood of the house this is the time for me to ask my question. I would like to direct this question to the Prime Minister and ask him if his original agreement with the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) upon his joining the government side of the house contained any release clause so that he could return to his original party now that it has changed its platform?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there was no agreement; there was merely applause for the action of the hon. member.

REQUEST FOR HOLIDAYS FOR PAGE BOYS

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, in view of the fact that you are in charge of the House of Commons staff I would like to direct this question to you. As it appears that the present session will last almost until the time that school starts—

Some hon. Members: Order.

Inquiries of the Ministry

Mr. Hees: —I wonder if some arrangement could be made for the page boys in order that they could have a rest—

Mr. Speaker: Order. It is a very bad habit for anyone to remain on his feet when the Speaker is on his feet. If the hon. members were saying "order" it is because the hon. member indicated he was directing a question to me and according to the practice and the rules traditionally followed in this house no questions are directed to the Speaker from the floor by hon. members. See citation 302, Beauchesne's third edition.

[*Later:*]

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to address a question to the Minister of Public Works which perhaps he will relay to the proper quarters. In view of the fact that it appears likely the present session will last almost until school starts and that the page boys have been working throughout the session, will someone give consideration to allowing them to stop work at six o'clock? I think we can get along very well from eight o'clock until ten o'clock without the page boys.

PAMPHLET DISTRIBUTION BY SOVIET EMBASSY

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, has the attention of the Minister of Trade and Commerce been drawn to a pamphlet recently distributed by the Soviet embassy to all hon. members of this house which he might find most helpful? It is entitled "On Overcoming the Cult of the Individual and its Consequences".

POTATOES

REQUEST FOR STATEMENT ON TARIFF ON UNITED STATES IMPORTS

On the orders of the day:

Mr. G. W. Montgomery (Victoria-Carleton): Mr. Speaker, I should like to direct a question to the Minister of Finance. I was able to send him notice of it only a few minutes ago, and if he prefers to take this as notice and make a statement later it will be all right. It is in reference to the report from the tariff board which was received by the government, I believe, some time earlier. Will the minister make a statement indicating the government's intention with reference to tariffs on United States potatoes entering Canada on and after September 1 next? Will they permit United States potatoes to come into Canada free of duty? In case the minister wishes to take more time, my next question would be: Are any negotiations under way between our government and the United States government in connection with the equalization of duty so that the duty will be the same both ways; or, on the other hand, free of duty both ways?

Hon. W. E. Harris (Minister of Finance): I may have something to say about this on my estimates.

CANADIAN NATIONAL RAILWAYS

REPORTED REDUCTION IN TRAIN SERVICE IN LONDON DISTRICT

On the orders of the day:

Mr. J. W. Monteith (Perth): Mr. Speaker, I should like to direct a question to the Minister of Transport. Is there any foundation to a report in the London *Free Press* of August 1 to the effect that the railway service between London and Palmerston, and Stratford and Goderich, is to be reduced after September 30?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I have made an inquiry of the Canadian National Railways on this subject and we have not received a report as yet.

Mr. Monteith: May I ask a supplementary question? I wonder whether the minister would look into the matter to the extent that he might find out whether or not this line has shown increased revenue over the past year?

Mr. A. E. Robinson (Bruce): Mr. Speaker, I would like to ask a question supplementary to that asked by the hon. member for Perth (Mr. Monteith). The Canadian Press reports that an official of the railway has announced that railway service will be cut in our district and this will curtail the service from Palmerston to Kincardine and from Palmerston to Southampton. My question to the minister is this. Is the minister aware that Bruce county has subsidized the Canadian National Railways greatly over the past number of years?

Mr. Marler: Mr. Speaker, if an investigation of the facts reveals that the statement the hon. member has just made is well founded I shall indeed be very greatly surprised.

Mr. Robinson (Bruce): Mr. Speaker, I have another question to direct to the minister. Is the minister of the opinion that the population of Canada will increase rapidly in the near future?

Mr. Fulton: And if so, what is he doing about it?

Mr. Marler: Mr. Speaker, I would hesitate to express a "no" to such a question as that; in fact, I think that would be the lowest form of pessimism.

Mr. Robinson (Bruce): I have one more question, Mr. Speaker. I would like to ask the minister if he thinks it is wise to curtail train service into Bruce county at this stage when it is expected by all economists in Canada that the population of this country is going to increase very greatly.

Mr. Marler: Mr. Speaker, I could not answer the question in the general terms in which it was put. I think every case must be considered on its own merits.

REPORTED CURTAILMENT OF SERVICE IN BRUCE PENINSULA

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the anticipated increase in lake and rail traffic when the seaway is opened is it wise to curtail traffic in Huron, Bruce, Perth and Wellington counties on the Canadian National Railways?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I was not aware of any intention to curtail services in those counties. Until I know what are the facts I prefer not to comment.

POSTAL SERVICE

INQUIRY AS TO CHANGES IN BRUCE PENINSULA

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, I wish to direct a question to the Postmaster General. Can the minister tell the house if any change is contemplated concerning mail service from Palmerston to Kincardine and from Palmerston to Southampton?

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, I am afraid I cannot say that any changes are contemplated. If this question is based on the information concerning changes in train service and how this would affect the Post Office Department, I can assure the hon. member that should the train service be curtailed the transportation of mail will be provided through other means.

PUBLIC WORKS

NEW WESTMINSTER—REQUEST FOR DREDGING OF CHANNEL

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, may I direct a question to the Minister of Public Works. Because of the number of residents of Burnaby who work in the grain elevator at New Westminster, British Columbia, will the minister order the dredging of the channel which is required in order to allow deep sea vessels to have access to that elevator?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, may I take that as notice.

NAVIGABLE WATERS PROTECTION ACT

AMENDMENTS RESPECTING APPROVAL BY MINISTER, ETC.

Hon. Robert H. Winters (Minister of Public Works) moved the third reading of Bill No. 388, to amend the Navigable Waters Protection Act.

He said: Mr. Speaker, I should like to suggest a minor amendment in order to correct a situation which was brought about as a result of a change made when the bill was in committee. Hon. members will recall that at that time section 6 of the bill which dealt with section 10 of the act, was dropped. There are three words in the preceding section which refer to section 10 which would no longer be applicable. I should like to ask my colleague, the Minister of Mines and Technical Surveys, to move that there be deleted from the preceding section, line 20, on page 3 of the bill the words "and in section 10".

Mr. Prudham: I so move.

Mr. Fulton: On a point of order; I am not raising this in order to delay matters but I am under the impression that in order to make an amendment to a section of the bill it would be necessary to refer the bill back to the committee of the whole. I am quite sure there would be no interference with that process.

Mr. Winters: I was aware of that and I canvassed the situation. I spoke to the hon. member for Vancouver-Quadra (Mr. Green) and the hon. member for Mackenzie (Mr. Nicholson). They agreed on behalf of their parties to having it done this way. The amendment I am recommending at this time is not one of substance, it is simply to correct a situation which was overlooked when the bill was in committee of the whole.

Mr. Fulton: On a point of order; I am not raising any objection to this being done and I do not think it would take more than two minutes at the outside to do it according to the rules. Would it not be better to have it done in the usual way?

Mr. Speaker: If there is unanimous consent the amendment could be made in this way. Of course if there was not unanimous consent there would have to be a motion the effect of which would be that this bill be not read a third time but be referred back to the committee of the whole for the purpose of amending it in one particular. The bill could be amended there and returned to the house, when there could be concurrence in the amendment and then the bill could go on for third reading. However, if there is unanimous consent the rule may be dispensed with. I take it that it is merely a verbal amendment and that there is general agreement about it.

Mr. Green: Mr. Speaker, clause 6 of the bill, which would have had the effect of enacting a new section 10, was dropped at our suggestion, and it is perfectly obvious that the amendment required now to clause 5 of the bill is purely a technicality. Therefore we are perfectly willing to have it done in the quickest possible way.

Mr. Speaker: Is the amendment proposed agreed to?

Some hon. Members: Agreed.

Amendment agreed to.

Mr. Speaker: Shall the bill as amended carry?

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

CANADA SHIPPING ACT

AMENDMENTS RESPECTING REGISTRATION, CERTIFICATES, ETC.

Hon. George C. Marler (Minister of Transport) moved the third reading of Bill No. 349, to amend the Canada Shipping Act.

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

SUPREME COURT ACT

AMENDMENT TO PROVIDE FOR CHANGES IN CONNECTION WITH APPEALS, ETC.

Hon. J. J. McCann (for the Minister of Justice) moved the third reading of Bill No. 443, to amend the Supreme Court Act and the Criminal Code.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, we have some amendments to suggest with respect to this bill and I had proposed to move them in the usual manner, namely, by moving that the bill be referred back to the committee, but if the government would prefer that I move them on third reading, following the practice in the earlier bill this morning, I would be quite happy to do so.

[Mr. Fulton.]

The purpose of the amendments can be stated quite briefly. They would accomplish the same result as we attempted to accomplish in committee of the whole a day or so ago when the bill was before the committee, namely, to prevent the passage of the proposal to raise the floor on the amount that must be in issue before an appeal to the Supreme Court of Canada in a civil case will lie as of right. The proposal now is to raise it from $2,000 to $10,000. We object to that proposal.

The other objection we have is that the government has not provided in the bill that appeals to the Supreme Court of Canada in capital cases shall be as of right. I am not going to restate the arguments with respect to the matter of the increase from $2,000 to $10,000. The objections were quite adequately discussed when the bill was in the committee. But I think I should say a word or two more about the failure to provide that appeals in murder cases shall lie as of right and the government's proposal instead to continue the process of requiring an application for leave to appeal and now providing that that application will be heard by a quorum of five.

One reason why I think this matter requires some further brief discussion is a thoughtful editorial in the *Globe and Mail* of Wednesday, August 1, which expressed the view that the government's proposal was an adequate safeguard and went as far as was necessary to ensure that those cases of merit would be heard by the Supreme Court of Canada. With respect, I believe that those who hold that view, and of course the minister and the members of the government obviously do, do not quite appreciate the points which are advanced from the other side.

On an application for leave to appeal the full merits of the case will not be automatically before the Supreme Court of Canada and therefore before the judges who hear the application. The application must of necessity involve technical considerations and would properly be opposed on technical grounds. While I imagine that the judges in their character as human beings would be inclined to permit counsel for the applicant to stray somewhat outside the strict field of his application in order that they might hear something about the merits, nevertheless in their capacity as judges of the court they would be properly urged by counsel for the crown to confine the hearing within the narrow limits of the application itself. Therefore it cannot be said with certainty that in every case the hearing of the application for leave to appeal is in effect the same thing as though they were hearing the appeal

itself. If that could be said, then I think there would be the strongest argument along the lines of that advanced in the *Globe and Mail* editorial and put forward by the minister here that the rights and interests of accused persons are adequately looked after in the government's proposal.

In our view that is not the case for the reasons I have stated, and we feel that nothing short of an automatic right to appeal to the Supreme Court of Canada will meet the needs of the situation. With respect to the argument that may be advanced that this would involve a heavy increase in the burden of the court because their time will be taken up by hearing appeals in murder cases, I suggest there is very little difference between the proposal we advance and the government's proposal because I think it is strongly arguable—of course, only experience will prove—that in the great majority if not all cases applications for leave to appeal will be made. Certainly in any case where counsel would have recommended an appeal on the case he will also, if he feels there is any chance of success, apply for leave. You are not going to cut down the number of issues before the Supreme Court of Canada. You will merely alter the form. If our proposal carried, it would be the appeal itself. Under the government's proposal it will be the application for leave. The only difference is that an application will be heard by a quorum of five and the general practice with regard to appeals is that they would be heard by the full court.

I do not think there is going to be very much difference in the burden of extra work that will be put on the court under one process as compared with the other. Personally I do not believe it is a tenable argument that the court would be overworked. I do not believe the court or the minister would advance it but it has been advanced in other quarters, and therefore to meet it I say that there will be very little difference in the number of applications that come before them and very little difference in the amount of work imposed on the court as the result of the fact that an application is heard by a quorum of five instead of by the full court.

A quorum of five means that there are four judges not engaged in hearing an application. As far as other cases are concerned the quorum is never less than three in hearing a case, and I do not think there would be any difference in the amount of work or saving of time or advance in the efficiency of the court simply because you provide that an application shall be heard by five judges. I therefore move, seconded by the hon. member for Royal (Mr. Brooks):

That the bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power to amend the said bill as follows:

(a) by deleting section 2 thereof and renumbering the following sections accordingly;

(b) by amending present section 19 thereof to provide that appeals from convictions in capital cases shall lie to the Supreme Court of Canada as of right.

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

YEAS

Messrs:

Argue	Herridge
Barnett	Hodgson
Bell	Knight
Blackmore	Leboe
Brooks	Low
Bryce	MacLean
Cameron (Nanaimo)	McBain
Campbell	Monteith
Charlton	Montgomery
Churchill	Nesbitt
Dinsdale	Nicholson
Dufresne	Pallett
Fairclough, Mrs.	Patterson
Fleming	Pearkes
Fulton	Rea
Gagnon	Robinson (Bruce)
Gillis	Rowe
Green	Smith (Battle River-Camrose)
Hahn	Stanton
Hamilton (Notre Dame de Grace)	Thomas
Hamilton (York West)	Tustin
Harkness	White (Middlesex East)—45.
Hees	

NAYS

Messrs:

Anderson	Gauthier (Lake St. John)
Applewhaite	Gauthier (Portneuf)
Balcom	Gingues
Batten	Goode
Benidickson	Gour (Russell)
Bonnier	Gourd (Chapleau)
Bourget	Habel
Breton	Hanna
Brisson	Harris
Brown (Brantford)	Harrison
Bruneau	Healy
Byrne	Henderson
Cameron (High Park)	Hosking
Cannon	Howe (Port Arthur)
Caron	Huffman
Carrick	Hunter
Carter	James
Cauchon	Kirk (Antigonish-Guysborough)
Clark	Laflamme
Cloutier	Lafontaine
Crestohl	Langlois (Berthier-Maskinonge-Delanaudiere)
Decore	Langlois (Gaspe)
Deschatelets	Lapointe
Deslieres	Lavigne
Dickey	Leduc (Jacques Cartier-Lasalle)
Dumas	Lefrançois
Dupuis	Legare
Enfield	Lesage
Eyre	Lusby
Fairey	MacNaught
Follwell	McCann
Forgie	McCubbin
Fraser (St. John's East)	
Gardiner	
Garland	
Garson	

McIlraith	Roberge
McIvor	Robertson
McMillan	Robichaud
Marler	Robinson (Simcoe East)
Matheson	Roy
Menard	St. Laurent (Quebec East)
Mitchell (Sudbury)	Shipley, Mrs.
Monette	Sinclair
Nixon	Stick
Pearson	Stuart (Charlotte)
Pickersgill	Studer
Pommer	Tucker
Prudham	Villeneuve
Purdy	Weaver
Ratelle	Weir—100.
Richard (Ottawa East)	
Richardson	

Mr. Speaker: I declare the amendment to the main motion lost. Shall the main motion carry?

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

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

The Chairman: I understand that resolution 294, Department of Northern Affairs and National Resources, was allowed to stand last evening. Shall I call that resolution now?

Some hon. Members: Agreed.

National parks branch—

294. Branch administration, $90,852.

Mr. Harkness: Yesterday, Mr. Chairman, the minister spoke at some length in connection with national parks but most of his remarks were of what I would call a general nature and did not, I think, meet the very numerous criticisms which have been made of national parks administration, particularly in western Canada and the province of Alberta where the two largest parks are located. The criticisms which have been made of the way in which parks are administered, of course, are not new. They have been voiced in this committee in I think most years since the war.

First of all, there is the matter of roads. I am glad to hear that there is a program which involves the spending, as the minister has said, of some $60 million over the next eight years in order to improve the roads in the parks. I think that is all to the good. I hope it will be successful in giving us sufficiently good roads in the park that tourist traffic will not be discouraged as has been the case in the past. The road from Banff to Jasper has been a sore point ever since it was first constructed. The road is now to be rebuilt, I understand, as part of this program and I would hope that a considerable amount of that construction might go ahead this coming year.

Last year and the year before I brought up the matter of better maintenance of these roads. The minister assured me last year that improvement would be made in this regard. However, last year I again heard a very large number of complaints about the condition of that road, so I would take it that there was still not a sufficient number of graders put on that road to keep it in reasonable shape. Another thing I would draw to the minister's attention so far as roads are concerned is that the road in Banff itself, leading immediately into the town of Banff, has been very rough and full of potholes for some years. It seems to me there is no excuse for that particular road especially being left in that condition. I do not know whether any work has been done on it this year, but if none has been done these potholes and the general rough condition of that road should be corrected immediately. It gives an extremely bad impression to the very large number of people coming into Banff to have their car wracked to pieces just on the outskirts of the township and within the town itself. I think there is no doubt that as far as making the parks available to Canadian citizens and citizens from the United States and other places is concerned the provision of good roads is perhaps the most important thing if you are going to get any return business. People come into one of these parks and they strike bad roads in it. It is very unlikely that they are going to come back. Not only do they not come back themselves but they tell all their friends about the bad condition of the roads and thus discourage a large number of prospective visitors from coming to the parks.

The next matter in which there has been considerable lagging behind is that of accommodation. There is just not enough tourist accommodation in Banff particularly to accommodate the number of people who go there. Many people have to sleep in their cars every night. One of the reasons for the lack of accommodation is the extreme difficulty people have in trying to put up motels, tourist cabins and things of that sort. They have extreme difficulty in getting a piece of land from the park in order to erect tourist accommodation. They run into difficulties of all sorts in trying to erect buildings, once they have secured permission to get the land. Perhaps there may be some fault on both sides as far as this is concerned; but the basic reason there is not more tourist accommodation is the way in which the administration is carried on, the slowness

with which decisions are made and the difficulty people have in trying to do anything along that line in the national parks.

There is also the need for considerably increased facilities of various other kinds. There has been a need for many years for a civic centre and auditorium in Banff. Nothing has ever been done about it although propositions have been put up frequently. There is the necessity there for at least one outdoor movie. There is land available where such a thing could be put up, but permission to construct an outdoor movie has been refused up to date.

Mr. Lesage: Yes, sir, and it will be.

Mr. Harkness: The situation with regard to people having anything to do to amuse themselves in the evening, particularly in Banff, is very poor. They wander around. Once darkness has fallen they cannot see the scenery. The movie accommodation is extremely limited and very frequently there is really nothing else for people to do.

Another thing which is lacking is ample picnic grounds in the summer time. The picnic ground at Banff is dreadfully overcrowded and many people who want to get into it are unable to find room on the picnic ground. There is also need for improvement as far as hiking trails are concerned. I have spoken about this, I think, for the last 10 or 11 years in this house, the provision of more trails on which people could hike in the summer time and on which they could ski in the winter time.

Another project which a group of people wanted to put into operation was the construction of a gondola lift up Sulphur mountain. We have been refused permission to construct that lift. Why I really do not know. There is a ski lift up Norquay mountain but it is the type of lift which is not very easy for older people particularly to ride up in and many of them are afraid to ride up in it. In view of the fact that a gondola lift up Sulphur mountain would give an opportunity to anybody who comes to Banff, no matter what his general health and physical condition is, to get up on top of the mountain and be able to see the magnificent views which are available from the tops of the mountains, it is very difficult to understand why there has been refusal to construct this lift. There has been consistent refusal to allow this gondola lift to be constructed. I think the excuse that was given was that the road to where the lift would start would not be sufficient to handle the traffic. Well, it seems to me that this is a very poor excuse. To begin with, the road could be improved or widened and I doubt whether there would be any severe difficulty from that point of view, in any event.

I think a whole lot of the difficulties in the national parks come from the fact that you have administration by remote control. In attempting to meet this point yesterday the minister said that decisions have to be taken at Ottawa because they may affect more than one part. I agree that general policy decisions have to be taken at Ottawa. That is quite correct. We should have a general policy which applies to all the parts and I think general policy decisions should be taken at Ottawa, as the minister said. But this is an entirely different matter than every decision being taken at Ottawa as to whether a man is going to build a house or a tourist cabin, or whether he is going to do any little thing at all. As a matter of fact, the same thing should apply as applies in almost every other department, or applies in any business. There should be decentralization. Whilst the general policy is laid down in Ottawa, the local application of that policy should be left to a much greater extent than has been the case before in the hands of the superintendent of the park. The way the thing has been going on, with all decisions having to be taken here in regard to any matter I think involving expenditure of more than $100, it means that the whole business of getting anything done is terrifically slowed down. It is extremely difficult for people to do anything which would help to improve the facilities and the amenities in the park.

As to the situation that prevails there, a letter appeared in the Calgary *Herald* last November 29, as a matter of fact, written by a man who has been a resident of Banff for the last 51 years. I should like to read some excerpts from it to give the committee an idea of the situation which does prevail. The letter reads:

> On your editorial page November 23 you reprint an article from the Camrose *Canadian* in regard to the tourist attractions at Banff, and having lived there for the past 51 years, I can heartily endorse the criticisms that are made. Once a visitor has taken a dip in the hot springs or the cave and basin, and perhaps taken a ride on the chair lift on Norquay mountain, there is not much left to do, as the small picture theatre cannot accommodate one-tenth of the crowd which lines up for five shows per day.
>
> The parks department in Ottawa has, for many years, adopted a policy to prevent and slow down any improvements or private enterprise whatever.

Mr. Lesage: Commercialism.

Mr. Harkness: I continue:

> They have refused any idea of a drive-in theatre, though there is a magnificent site on the slopes of the lower town of the ghost mining town of Bankhead.

I am not going to read all the letter; I will leave out a considerable part of it:

> Every suggestion by private enterprise to build houses and homes, motels or service stations has been met by opposition from the parks head office at Ottawa. The local superintendent has never been allowed any discretionary power more than a chief clerk, and has to refer every detail to Ottawa.
>
> There is a need for many more attractions at Banff to keep people there, and yet the parks department has refused a permit for the erection of a gondola-enclosed lift up Sulphur mountain from the Upper Hot Springs, making excuses that the road would not be wide enough for the traffic.
>
> Scores of people wish to retire and live in Banff, but cannot get a building site, the government stating that they will only consider applicants who have lived in Banff for 18 months. Yet, they are opening up building lots by the dozen for their own employees or those of the public works department on the trans-Canada highway, and allowing cheap houses to go up which do not meet the requirements they have set for other applicants.
>
> The only major improvements in the Banff park since the war have been two small blocks of building lots put up for tender, with priority to Banff veterans and Banff residents of 25 years or more, and the outsider has no chance to come here to live, yet he is told he may file on a lot after he has been a resident of Banff for 18 months. Where is he to reside during these 18 months?
>
> D. M. Soole.

Mr. Soole is a very well known old-timer in Banff. As stated in his letter, he has been there for 51 years. As a result of all the complaints in connection with Banff the Calgary *Herald* sent a reporter out there to conduct a thorough investigation of these complaints. Following that, the reporter wrote a series of articles in which he outlined the various things which were wrong so far as he could determine. One of the articles is dated December 12, 1955 and it reads:

> There is no vote in this town. What is life like where you have no vote, no say in your municipal government, where your daily affairs are controlled by a bureaucracy thousands of miles away?
>
> In Calgary's own backyard, in the town of Banff, 3,000 persons live under this kind of regime. It is a national park, walled off from the province and run from Ottawa.

There was a series of articles but I do not intend to read all of them. I shall just pick out a few headlines and an occasional interesting excerpt to indicate what is the actual situation. There is no date on this article but it reads:

> Remote Control Stifles Growth of Rockies Gem—A lot of people would call it dictatorship, the way this town is run. Even the more moderate person readily agrees it's a tough place to earn a living, under the iron grip of government control and no appeal against its all-powerful edicts.
>
> This is what the *Herald* found in an investigation prompted by recurring and increasing complaints during the past few years of government management of the town of Banff—a federal island inside our province.

[Mr. Harkness.]

Mr. Lesage: If they are not satisfied they can always change place. We do not force them to live in the parks.

Mr. Harkness:

> It found people wary of discussing their problems in fear of government disfavour; it found evidence of inequality in administration of the law; it found evidence of high-handed tactics and sometimes inexplicable interference with the normal conduct of business.

The minister has just indicated that—

Mr. Lesage: Sure, I agree with that.

Mr. Harkness: —if they do not like it there they do not have to live there.

Mr. Lesage: Surely not.

Mr. Harkness: However, surely that is no defence for carrying on the administration of the park in a high-handed dictatorial manner.

Mr. Lesage: I do not agree that this is the case.

Mr. Harkness: As the minister said yesterday, these parks exist for the enjoyment of the people of this country.

Mr. Lesage: Another advocate for commercialism in Banff.

Mr. Harkness: As a secondary thing, the parks increase tourist traffic in this country. If the parks are not to be run in an efficient way, if they are not going to provide the amenities which people want, they are not going to attract people and they are destined to fail in their purpose. It is absolutely useless to say that if people do not like it in the park they are not required to live there. That is no defense at all for the numerous complaints which have arisen concerning the way the administration is carried on. The article continues:

> . . . Here are some of the complaints. What would a Calgarian say if he returned home in the evening to find a civic official parked in his living room, having entered uninvited?

That goes back to the bill which the hon. member for Bow River, in whose constituency Banff lies, introduced this year.

Mr. Lesage: That incident occurred ten years ago; you know that. It has been discussed in this house many times; it is an old bogey. It is nothing but a skeleton which is taken out of the closet every session by the opposition because a member of the park administration in Banff made an error for which he was punished. He had no right to do what he did and he was punished for it. The incident took place ten years ago and there has been no recurrence. Please stop taking old skeletons out of the closet.

Mr. Harkness: The minister says there has been no recurrence but that is not my information.

Mr. Lesage: Then your information is wrong.

Mr. Harkness: At any rate the law allows this to be done. It is for that reason the hon. member for Bow River introduced his bill this year to amend the law to prevent this being done.

Mr. Lesage: The hon. member knows very well that he is misinforming the house. The only time—

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

Mr. Lesage: That is misinformation.

Mr. Harkness: Who has the floor, Mr. Chairman?

Mr. Lesage: The hon. member is misinforming the house—

Mr. Byrne: The Calgary *Herald* has the floor, as far as I can see.

Mr. Lesage: The hon. member is one of those who want to make of Banff a Coney Island.

Mr. Harkness: By the fact that this bill was introduced this year it seems quite clear there have been considerable complaints concerning this matter in the town of Banff.

Mr. Lesage: That is no indication at all.

Mr. Byrne: Let us hear from the *Herald.*

Mr. Lesage: Why not say something for yourself?

Mr. Harkness: The minister is saying that there have not been complaints and he is denying the existence of these various wrongs I have mentioned, but any number of other people declare that this situation exists. It seems to me the minister would be better advised to devote some study in an effort to find a means of improving the situation rather than to sit here indignantly denying that any of these wrongs exist. I will continue with this article:

> What would a Calgarian say if he wanted to build a home but had to wait 18 months for a piece of land, only to see government men moving into new houses without waiting at all?
>
> What would a Calgarian say if his yard was being used as a shortcut, ruining his lawn, but he couldn't do anything about it? What would he say if the street on which he lived for 40 years still didn't have a sidewalk, not even a curb and gutter?
>
> An energetic citizenry would be expected to scream loud and long to rectify these situations. In the final event, they would turn out the administration at the polls.

In Banff, of course, they have no chance to do that because all they have is an elected advisory council which has no powers. Even the superintendent there has very little power and all the decisions are made down here. In many cases mistakes are made and in all cases it is an extremely slow process to get a decision.

There is a great deal more in this article and I am not going to take the time required to put it on the record. Another headline reads:

> Park Policy is Dead End for Complaints—
>
> That is frustrating answer when townspeople want needed changes.

Mr. Byrne: The Southam press is heard from again.

Mr. Harkness: Another reads:

> Take Away the Scenery, What Have you Left?
>
> Bump your way into town and gape at mountains; there's little else.

That is in connection with the failure of the administration to provide the various amenities the need for which I referred to previously. I will read just one more excerpt from an editorial dated December 22, 1955 which appeared in the Calgary *Herald.* It reads:

> Anyone who has visited Banff at the height of the summer season is aware that it has outgrown the facilities which it has to offer. There is little to do for the person with small income, for it is a high-priced town where almost every form of recreation requires money. The picnic grounds in the town, on a weekend, are hopelessly overcrowded. The number of trails which are open for people who want to take a walk, not a hike, are few. The park around the public buildings is very nice, but after that what is there for the non-athletic, budget-conscious visitor to do?

An hon. Member: Stay home.

Mr. Harkness: These are some of the very numerous complaints concerning the administration of Banff national park. These complaints and this situation have been in existence for many years. It seems to me it is useless for the minister in charge of this department, whoever he may be, to say each year, "Well, perhaps we will look into this and see what can be done," and then allow the same situation to prevail year after year.

The roads are bad and the administration is extremely slow in its operations. The people who want to improve the facilities are discouraged or prevented from doing so. In other words, it is long past the time for what I would call a thorough shake-up in the administration of the national parks.

Mr. Lesage: Mr. Chairman, I believe that I might be permitted to deal immediately with the criticisms raised by the hon. member for Calgary North.

The first complaint of the hon. member is that the road leading to Banff has potholes

and is in bad shape. The information which the hon. member has seems to be insufficient or he has not been to Banff since last summer because the road was reconstructed last fall. As to Banff avenue, which the hon. member mentioned also, there is an item of $250,000 in the estimates to reconstruct the services of Banff street, Banff avenue, Marmot street and Wolf street in Banff townsite. These streets are to be completely reconstructed to take care of present day traffic.

Mr. Harkness: I am very glad to hear that.

Mr. Lesage: Before criticizing, the hon. member should get the right information as to what is being done.

Mr. Harkness: It has not been done yet.

Mr. Lesage: The road to Banff, which the hon. member criticized, was reconstructed last fall.

Mr. Harkness: How far was it reconstructed?

Mr. Lesage: Up to the entrance of the townsite.

Mr. Harkness: What about the townsite?

Mr. Lesage: I have said that there is a quarter of a million dollars in the estimates to reconstruct the facilities in the townsite at no cost to the local people, and I would like the hon. member to take that into account when he talks about lack of self-government for the people of Banff.

Mr. Harkness: Every year we get these stories about the roads that are going to be reconstructed the next year, but they always are left in this particular shape.

Mr. Lesage: The hon. member says that there is a lack of amenities and facilities in the park. If there is not enough of these to attract people into the park, how is it that the popularity of the park has increased every year? The number of visitors has increased from year to year and this year there have been still a greater number in spite of the bad weather. Is that because there is a lack of amenities and facilities? No, it is because the people who go to our national parks or to Banff park know very well that they are not going to see an outside movie or all the things you can find at Coney Island; they go to our national parks to benefit from the beauties of nature.

I am afraid the articles in the Calgary *Herald* on which the hon. member bases his criticism have been dictated by commercial interests who are interested in only one thing, in the making of profits out of this great asset we have in the form of natural grandeur in the west. As I said yesterday, as long as I am in charge of this portfolio there will not be a drive-in theatre in Banff or any other park. You can find those in the cities.

I consider it my duty to see that our national parks are preserved in their natural beauty as much as possible. Visitors will be provided with the essential facilities but not with the ugly things that the commercial interests would like to put up there.

The hon. member referred to the gondola lift. I am sure he is familiar with Sulphur mountain road which leads not only to Sulphur mountain but to the hot springs which are very popular. I do not know whether he has been at the hot springs in the summer and has seen the traffic congestion that creates a hazard on that winding road up to the mountain. I feel that if we had a gondola lift there would be so much more traffic that the hazard would be increased and accidents would be inevitable. There would be traffic jams every day.

We decided that before we asked for tenders for the establishment of a gondola lift we would have to widen the road. I was in Banff in 1954 with my deputy minister and we decided to spend about $25,000 each year in widening and straightening the road. This year we are providing $70,000 so we can finish the road and then be able to call for tenders for the gondola lift.

Then with regard to the picnic grounds. Those grounds may be crowded perhaps on one or two days in the year but they are sufficient. They are being improved constantly. Every year since I have been in the department we have spent large amounts of money improving and expanding the facilities at Tunnel mountain and elsewhere. Last year we spent $50,000 and this year we expect to spend a similar amount. We are always increasing the facilities for the people who want to visit our national parks. We have a limited budget and we must follow strict rules. In spite of what the hon. member for Calgary North has said, and what the Calgary *Herald*, with the interests behind it, has said, I certainly will not adopt any other course.

Mr. Nicholson: Mr. Chairman, I did not plan on getting into this discussion, but I feel the hon. member for Calgary North has indicated a very parochial point of view. The minister has a responsibility as minister of the department and as a citizen of Canada I have an opinion which I feel should be expressed for what it is worth. I may say that I visited the Alps in Switzerland and Austria before I visited the Canadian Rockies. I think it is important that Canadians should

go to Europe before seeing our own country, because then after having travelled they will see why they have reason to be proud, particularly of our parks at Banff and Jasper.

The people of Calgary should realize that these national assets belong to Canada rather than to the Calgary *Herald* or the people of Calgary. It is hard to understand why the people of Calgary get so excited about the lack of democracy in Banff where the people do not have the right to elect their civic authorities. If that is what the people of Banff want, then they can go to reside in Calgary. The hon. member for Acadia is not here, but I am sure he would not object to my saying that he has decided to retire and live in Banff rather than in Calgary. He tells me that even with the disadvantages that may be considered to exist Banff has the lowest taxes of any place in the west and the fishing is very good.

Mr. Chairman, I hope that the minister will stand by his commitment and will never permit a drive-in theatre in Banff as long as he is minister. I can see a drive-in theatre at Tisdale or a dozen other places on the prairies where they have nothing else to do but to go to these theatres. But to ask the people of Canada and the United States to come to our Rockies in order to see cheap Hollywood pictures in drive-in theatres is I think the last suggestion that should be taken seriously.

The hon. member for Calgary North is complaining because people have to stand in line in order to go to a theatre in Banff. I hope the minister is not going to be influenced by the free enterprisers who would like to make Banff trashy by putting up a lot of cheap theatres to present an artificial picture of life in Hollywood when we have there the most majestic scenery I know of anywhere on this continent. I think the minister is quite right in refusing to yield to those greedy interests in Canada who would like to change Banff into a cheap Coney Island type of place rather than the holiday place it should be for people who want to go to Banff because of the scenery there.

Mr. Smith (Battle River-Camrose): Mr. Chairman, I had not planned to take part in this debate. However, my colleague, the hon. member for Bow River because of illness is unable to be here today and, as the minister knows, any discussion concerning Banff national park is something in which he is very keenly interested. As has already been mentioned, he placed on the order paper this year a bill to amend the National Parks Act. He did so for a reason. He spent a considerable amount of effort and time studying the existing situation in Banff national park, and I am satisfied that many of the arguments advanced so capably this morning by the hon. member for Calgary North would have been supported by the hon. member for Bow River had he been here.

I have visited Banff and I am prepared to admit that it is one of the nicest parks to be found on the North American continent or anywhere else. The scenery is there, the mountains are there, and wild life as well. On the other hand, I think the minister must admit that in order to accommodate the huge tourist traffic visiting Banff during the summer months something more could be done without destroying for one minute the natural beauty that is to be found in the area. I can well remember one word that made an impression on me when I visited Banff the first time. It was as much impressed on my mind when I left Banff as were the mountains, the hot springs and so on. It was the word "occupied".

One evening my wife and I spent hour after hour going up one street and down another trying to find a place to sleep, and we wound up sleeping in the car. Tourist accommodation is not ample in Banff, and I suggest that the minister should give the matter some consideration. Any tourist who goes there without sufficient funds to stay at the Banff Springs hotel or the other hotels finds it difficult to get a place to sleep. The minister must know that.

Roads have been mentioned. It is not too long ago that the hon. member for Bow River spoke about the oil on the road leading into the town of Banff. I am very happy to note that the minister has assured us that something is being done to improve that road, and I can only suggest to him that he take in kindly fashion the advice given to him by men such as the hon. member for Bow River and the hon. member for Calgary North. They are not out to destroy the beauty of Banff at all. They are out to make it a better place for all Canadians to visit.

I live close to another national park in the province of Alberta, Elk Island park. We have there the largest remaining buffalo herd, I believe, with the exception of Wood Buffalo park in northern Alberta, to be found in the world. It is a fine park. It has not been destroyed at all by modern buildings. People go there by the thousand to visit the park and to see the fine herd of buffalo. It is located along highway 16 running from Winnipeg to Jasper. I have one suggestion to make to the minister. I suggest that he consider or have his officials consider very seriously the building of a buffalo paddock along the highway with a little road

leading off the highway so that tourists in a hurry to go on through can stop and see the buffalo.

This came to my mind last winter as I was travelling to Edmonton. I was in a bus and I noticed buffalo in large numbers along the fence. I heard people say that this was the first time they had ever seen buffalo. The buffalo were there because the salt licks had been located along the fence. I suggest again that the minister give consideration to the building of a small buffalo paddock, perhaps near the main entrance to the park, so that tourists travelling through can see a few buffalo anyway living in their natural state. Perhaps it would encourage them to go into the park and see the fine herd there.

Finally, I should like to make this comment with respect to the national parks I have visited in Canada. I have always been treated with courtesy, and I think that by and large the officials of the minister's department administering the parks are doing a fine job to the best of their ability within the confines of the act under which they must operate. I suggest to the minister that during the holiday season, which we hope will be coming soon, he give serious consideration to a thorough overhaul of the National Parks Act and the regulations associated with it so that when we come here next session we will have something definite to consider.

Mr. Byrne: Mr. Chairman, the hon. member for Calgary North certainly seems to have plenty of troubles. He reminds me of certain cartoons I have seen on this particular aspect of life, but I do not intend to describe them. One has to do with an old milch cow that is in very serious difficulties. It was difficult to understand whether the hon. member was the member for Mackenzie, the Yukon or Calgary North. I am happy that he is not too familiar with the national parks in British Columbia because the type of publicity he has given to the national parks today was anything but good. I am sure that the boards of trade in the Banff and Jasper national park regions and certainly in the vicinity of Kootenay and Yoho parks would be very angry if they read his speech. I hope that the last part of his speech will be relegated to the garbage can where it belongs. It has been said that there has been tampering with *Hansard*, but the hon. member certainly has my permission if he wishes to do so to remove the last portion of his speech from *Hansard* entirely. He has done a disservice to the national parks and to the people who live there.

I had occasion recently to visit Kootenay and Jasper parks. While the road conditions are not of the very best they are good when one considers the amount of reconstruction that is taking place in those parks. The hon. member seems to forget that the construction season is very short in the national parks. The parks are in many cases in the higher mountain regions, in this instance in the Rocky mountains. Snow is found at the very edge of the highways even in mid-summer, and that is the period when the traffic is heaviest. One cannot rush in with a large amount of equipment and do the road jobs in a very short period when the traffic is heavy. The time for such work is very limited.

I was certainly happy to learn that the minister has a progressive plan to spend $60 million over the next eight years to improve the roads in the national parks. I am sure that much of that will be spent in Banff and Jasper where a great deal of construction is taking place at the present time.

There is one thing about the national parks in British Columbia, particularly Kootenay park. It does not receive the amount of publicity that is accorded to the other two parks where they are sponsored by the two large railway companies. But certainly if one had to resort to the type of publicity that has been given to Banff and Jasper here in the house today, we would be pleased to do without it and to struggle along as we have been doing in the past.

The hon. member for Calgary North has two difficult problems. Because of the roads he finds that no one is returning to the parks. Yet on the other hand he finds that there is no parking place and that throngs of people have to return to Banff. Let us have some consistency. Let us be fair. Criticism is fair when it is constructive and is directed towards doing something for the benefit of the area concerned.

There is one problem respecting the operators of Kootenay park and Yoho park which I feel is sufficiently important to demand the attention of the minister. While it is not something that comes entirely under his jurisdiction, I would hope that he would make representations to the minister of municipalities in the province of British Columbia. Last evening the minister pointed out that an operator in Banff, with an establishment to the value of $13,000, would pay about $225 in taxes. I should say that an operator in Kootenay park would pay approximately the same amount of tax to the federal government for the various services which he receives and for the concession that he has established. However, in addition he must pay

to the province of British Columbia an improvement, school and hospital tax. This the operator in Banff and Jasper parks is not obliged to do.

The operators have no objection to paying school and hospital taxes, but the improvement tax amounts to about 50 per cent of their total tax, so that they are discriminated against in this way. Their establishment is rated by the department and they are allowed to charge a certain rate for their accommodation, and it is identical in both provinces. Yet I am sure that an operator with the $13,000 establishment would pay in the neighbourhood of $500 in addition to the provincial government, so that in all he would be paying some $700 while the operator in the Alberta parks would be paying about $225. I know it is not something on which the minister can take action on his own, but I would ask that he make representations to the appropriate minister in British Columbia.

Mr. Harkness: The minister seems to think the fact that the number of people entering Banff national park has increased is the answer to all the criticisms about conditions there, as did the hon. member who has just taken his seat. Such an idea is ridiculous. The population of this country has increased very materially in the last several years. The population of the city of Calgary has gone up —including its immediate environs—to about 200,000 people. You have enough people in Calgary alone, if they made two or three trips a year,—and a large number of people do so because it is the closest place for the people of Calgary to go—to constitute the total number of people that have passed into the park, apart from people from other parts of the country.

In addition to that, the thing which brought many people into the park, with really nothing being done as far as the park department is concerned, was the establishment and development there of the Banff school of fine arts. But to say that, because the numbers of people going into the parks have increased, there is no cause for complaint and so on is just completely begging the question. The point is that if Banff park had been operated in a really efficient manner the number of visitors would be well over twice what it is at the present time. I do not think there is any question about that.

The minister expressed some scorn and opposition to the idea of an outdoor theatre in Banff.

Mr. Lesage: A drive-in theatre.

Mr. Harkness: Why he did that I do not know. I would say that both he and the hon. member for MacKenzie just do not know the facts of life particularly as far as Banff is concerned. They both put great emphasis on the fact that people go there to enjoy the beauties of nature. That is quite right. That is one of the main reasons they go there. It is the main reason, perhaps. Some people go there for the hot sulphur springs and things of that sort. In the wintertime, of course, people go there primarily to ski. Those are the three main reasons for people going to Banff. But as I pointed out to the minister previously, after 8 o'clock at night at the present time—and soon it will be seven at night—you cannot enjoy the beauties of nature. Darkness has fallen by that time and you just cannot do it.

Mr. Lesage: If you want to see the beauties of nature early in the morning, you have got to go to bed early at night.

Mr. Harkness: What are people going to do in the evenings? That is one of the difficulties. In the evenings particularly there is little for visitors to Banff to do, and that fact makes them discouraged. They do not know what to do with themselves.

Mr. Lesage: That is tough! Nothing to do in Banff!

Mr. Harkness: They crowd out the beverage rooms and things of that sort. I think it would be only reasonable to provide an outdoor theatre in order to give at least one more means by which people might enjoy themselves during the evenings in Banff.

Mr. Lesage: Would the hon. member allow me to ask him a question?

Mr. Harkness: Yes.

Mr. Lesage: Would the hon. member tell me whether what he has in mind is an outdoor drive-in theatre or an outdoor theatre?

Mr. Harkness: As a matter of fact I think there is a need for both. I think there is a need for an outdoor theatre which would preferably be placed perhaps on the grounds of the Banff school of fine arts and where, in connection with the work they do at the Banff school of fine arts, this outdoor theatre could be used as a means of presenting plays and so on outdoors.

Mr. Lesage: That is sensible. That would be a good idea.

Mr. Harkness: There would be the possibility of accommodating there a large number of people. I see that the minister nods his head. Apparently he agrees.

Mr. Lesage: Surely.

Mr. Harkness: In addition to that outdoor theatre I think there is a need for a drive-in theatre.

Mr. Lesage: No.

Mr. Harkness: Without spoiling any of the beauties at all, it could readily be placed on the site of Bankhead which was a mining town. There is a sort of natural ampitheatre there where it could be placed. It certainly would not detract from the general natural look of the whole area around Banff. I do not think there is any question as to the need for something along that line in order to provide additional means by which people may occupy themselves during the evening in Banff.

In addition to that, there is the matter of an auditorium which I mentioned previously and on which the minister did not comment. There has been quite a strong demand for a sort of civic centre including an auditorium. It would probably also include bowling alleys and things of that sort which would be available for use particularly when it was raining and people could not use the outdoor theatre, for use in the wintertime by people who go out there to ski and things of that sort. One of the greatest ways in which Banff has fallen down is in connection with attracting skiers. We have there the natural facilities for the development of one of the greatest skiing areas in the world. The number of people that use it is very limited. They are mostly local people from Calgary, as a matter of fact. They constitute the bulk of the people who ski at Banff. The number of people who come from other parts of Canada is very limited. One of the reasons why it is very limited is the lack of facilities which should be provided.

Mr. Brown (Brantford): I should like to say a word or two in connection with the historic sites service of the department. I was wondering whether consideration should not be given soon to acquiring the homes of former prime ministers and eminent Canadian statesmen. Now, I know that this would cause the department to embark on a considerable expenditure, but it occurs to me that it might be worth while to consider now projects of this kind. Canada is growing very fast. We have now a considerable number of historic properties and they are increasing in number. I feel that it would be worth while for our Department of Northern Affairs and National Resources to consider this matter.

In making whatever tours I have made in the United States I have found that the homes of former presidents of the United States have been nearly all kept as museums and are open to the public to visit and to enjoy. Here in Canada as yet we have not begun projects of this kind. For example, in the town where I was born I remember very clearly the residence of the Meighen family, the parents of the Right Hon. Arthur Meighen, a former prime minister of Canada. I think it would be wonderful if some day that property could be purchased. It seems a shame that we have a lot of premises like this that have to be obtained through private subscriptions. I think it would be worth while for the government to consider expending money in this way from time to time to acquire properties across Canada and not merely erect monuments around the parliament buildings at Ottawa. I mentioned the Meighen property because I know about it. Although I am a Liberal member, I would be very proud if our government would consider honouring a former Canadian statesman in this way.

Now, at Brantford we have a large property which I believe was the former summer residence of the Hon. George Brown, one of the fathers of confederation. It is one of the largest farms in Canada, but it is a very interesting property. I am just thinking generally, and I do not want to pick out any particular persons. We all know there are houses right across this country that are of historic interest. I believe it is time we began to consider acquiring some of these properties so that the past of Canada will be brought before this generation and kept as something of which we are all proud. I believe that, although it will cost us money, it will be eminently worth while. Every time I have visited the United States and seen these historic properties I have thought, why do we not have something like that in Canada; why do we not preserve the records of the past? I am only bringing this to the attention of the minister now as something about which I have thought and which I should like him to consider some time in the near future.

Mr. Thomas: Some days ago I received a letter from the scout master in Lacombe, Alberta, which is in my riding, regarding a group of scouts who are taking a tour through Banff and Jasper parks. I gave the minister a copy of this letter for his consideration. However, I should like to mention it again. These boys worked during the first six months of the year to get sufficient funds to pay their way on this trip. They worked rather than rely on getting the money from their families. They took the trip in a school bus. It might be just as well if I were to read the first paragraph of this letter which, incidentally, is signed by David Rodger, the scout master.

He says:

Throughout the first six months of 1956 the first Lacombe troop of boy scouts was preparing for

its annual summer camp. Every boy was working hard, individually and in group enterprises, such as the scouts bean supper, and selling confections at the local ball tournament, since the proposed 1956 camp was a very ambitious undertaking comprising an eight day camping tour of Banff and Jasper national parks. On the eve of departure when all was in readiness, the boys received a rather severe jolt: Word from superintendent Strong that the school bus, the scouts' proposed means of transportation, would be charged ½ cent per passenger mile for passage through the park. It was too late now to call off the plans and the tour proceeded in hopes that some means of avoiding the toll could be arranged at the park gate. This was not the case, however, and the 32 boys, after eliminating all proposed side trips and by robbing funds originally designated for swimming and other group activities, scraped together the 36 dollars required to get them from the Banff to the Jasper park gate.

Now, I should like to urge the minister to take into consideration group activities such as these, particularly as applied to boys and girls groups, the scouts, C.G.I.T. and other youth activities, because it is a very commendable thing when a bunch of boys go out and earn their own money to take these trips. They were forced because of the regulations—I agree that the regulations were such that superintendent Strong had no alternative but to charge them the fee—to use up their money to pay that toll. They denied themselves group activities, swimming and side trips that they wanted. I am sure that these boys take a rather dim view of the regulations. I can understand why the regulations should be made to apply to commercial vehicles because they are taking these groups through the parks and making money. It is only right that they should pay. However, these boys could have borrowed the family car and taken the trip through the park at the regular $2 fee. Rather than do that they earned the money to hire this bus and because of these regulations were denied the right to take the side trips into these scenes of beauty which the minister described the other day. I would urge the minister to give consideration to the exemption from the regulations of such group activities, the boy scouts and other groups, so that they could take advantage of the tours through the parks to see the wonders of these parks without having to pay commercial tolls.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Nesbitt: Mr. Chairman, I will try to make my remarks on this item of the estimates as brief as possible. This morning I was very interested in the remarks made by the hon. member for Brantford regarding marks and traditions of our national heritage. In any young country such as Canada, if physical marks of historic interest are swept away, we lose a great deal of our national heritage. In a country as it grows, I think hon. members will be prepared to admit, it is items such as these, visible signs of our past history, that build up national pride and national character. In this respect we have a building in my constituency which I think should be preserved, namely, the city hall of Woodstock, Ontario.

The city hall was granted a plaque by the historic sites and monuments board about a year ago. Only last night the city council of Woodstock approved a motion to allow the plaque, which was granted by the historic sites and monument board, to be placed on the city hall this coming fall. You may ask, why should the Woodstock city hall be singled out by this board for this honour? Well, the reason is this. The Woodstock city hall is the only city hall in Ontario which has been continuously in use as a city hall since it was built. Perhaps I should say it is the oldest city hall which has been continuously in use as a city hall since its construction, which was in 1853. It has served as a city hall ever since that date.

It is interesting to know, Mr. Chairman, that when Upper and Lower Canada were combined the Baldwin act was passed in 1849, and the Baldwin act was the basis for municipal government in this country. It set up municipalities and gave them powers of self-government, and so on. We believe the Woodstock city hall—we have not completely verified it yet—was the first city hall built after the passage of the Baldwin act and, as I mentioned before, it still serves as a city hall and has served continuously as such since that date. Therefore, Mr. Chairman, you might say that Woodstock city hall is the original forum of democracy on the local level as we know it, in what was the original nucleus of Canada, namely, Upper and Lower Canada.

Having said that, Mr. Chairman, I should like to say I think you will agree—I hope the minister will—that this building should be preserved. There has been some discussion at the local level, I know, of building a new city hall because obviously when it was built Woodstock was very much smaller than it is now, and the present building has become inadequate to serve the purposes of a city hall at the present time. There has been some talk of possibly tearing down the building. A great many of us in the area are very upset about this and wish to preserve it. It has been mentioned many

times in the house, Mr. Chairman, that municipalities—maybe the federal government is at fault; possibly the provincial government is at fault, I do not know—are pretty hard up for money these days. When you have a valuable piece of property in the middle of a city, while the city may wish to retain a valuable historic building like this, for financial reasons it may not be able to do so. I would certainly hope that the minister might consider, not this year, of course, but next year, placing in his estimates an amount to purchase this building and thus preserve for posterity what was the original seat of local government in a physical sense in Canada. It would be a great shame if this building were to be lost.

There is another matter that I should like to mention very briefly. It is a subject that I have brought up in the house numerous times before; therefore, I shall make my remarks on it very brief, as I have already placed on record the pertinent facts about this place. I refer to Long Point island in lake Erie. Hon. members may recall that this island was purchased in 1866, one year before confederation, by a company composed of quite well-off United States citizens, who have since used it as a hunting preserve. The island is in the middle of lake Erie. It stretches out from the Canadian shore. It is 19 miles long and is composed of approximately 19,000 acres. In my opinion this island should certainly be acquired as a national park for the following reasons. Firstly, it has about the finest sandy beach anywhere in the country. Secondly, the water for bathing and swimming purposes off this island is always warm. The reason is, of course, that lake Erie, unlike some of the other lakes and certainly the ocean, being very shallow, never gets very cold. It is an ideal place to bathe in. Since it is very shallow the area is safe for children and people who do not swim very well. More than that, the population of southern Ontario is increasing by leaps and bounds. As hon. members know, it has become a highly industrialized and specialized agricultural part of the country. With the increasing rise in the standard of living and the increase in leisure time, people must have some place to go to spend their vacations and leisure time. While there are many fine beaches on lake Huron and lake Erie, most of them are pretty well taken up. Here we have this island situated within driving distance of an hour or so of London, St. Thomas, Woodstock, Stratford, Galt, Guelph, Brantford, Kitchener and Hamilton, and a thickly populated rural area around. This island is denied to Canadians. It is owned by very few people, most of them from New York. One or two Canadians belong to this company, called the Long Point Company, that owns this island. They keep private police on the island and do not allow anybody to get on it at all. They use hardly any of the territory. They come there, I understand, only about 10 days in the fall to do some duck shooting. That is all the use they ever make of it.

I am not suggesting that this company, which has kept the island in a fine state of preservation for 90-odd years, should lose all its rights and privileges. I am not suggesting that for a minute. That is not fair. But I am suggesting that the minister make some arrangements with Ontario to acquire a large portion of this island so that the Canadian people may make proper use of it for vacation and recreation purposes. It could be kept as a national park and the wild life be preserved.

I may say that the island is considered one of the best bass-fishing and duck-shooting places in the country. When the bass fishing season opened on last July 1, 25,000 bass were taken in a day adjacent to the island. In addition to this, as I say, this island ought to be made a public place. With the proper restrictions, wild life and game could be looked after. At the present time this island is covered with bush and, as I mentioned, gamekeepers are employed by this Long Point Company. In spite of their looking after it, people do land on the island, and about a year or so ago a large portion of the island was burnt over and some of the original timber was lost forever. If the island were taken over as a national park the timber would be preserved.

I hope that the minister may find it possible to come and have a look at the island. I cannot invite him; I am not one of the exclusive set who own the island, but they would probably let the minister come and look at it. It would not look like Banff national park, which we heard so much about this morning. It would not have mountain peaks. However, I am told that more snakes exist per square yard on the island than in any other place in the world. I am told that there are about 30 varieties and some of them are quite big, about seven feet long. The minister need not be alarmed. I am told that some of these snakes get quite friendly. I remember hearing a story about a young man who was trespassing on the island one evening and sleeping in a sleeping bag. He woke up in the morning and found one of these seven-foot snakes sleeping in the bag with him so I promise the minister that if he should visit the island he will not be in danger.

Then, as I said, duck shooting is still very plentiful. If it was a national park with possibly restricted days with a minimum bag it could be open to the public, as Pelee island is, which is a national park at the other end of lake Erie and which is open to the public for pheasant shooting on certain days. They tell me that at Long Point island you do not even have to take a gun in order to get ducks. There are so many ducks there that they fly into the lighthouse at the end of the island and fall to the ground. If you stand there in the evening when the light is on you can simply pick the ducks off the ground after they have flown into the lighthouse. I have mentioned this matter many times before. I am sure the minister is familiar with this problem and therefore I shall conclude my remarks at this point.

Mr. McIvor: Mr. Chairman, anyone who has been outside in the summer sun today will say that this is an appropriate time to be discussing parks with their cooling streams, wading pools, their swings and the lovely drives in and out; it is very refreshing indeed. As the opposition is showing some inclination to speed up the conclusion of the business of the house I shall just speak for about three minutes.

I hope that some day I will have the opportunity of thanking the minister for the establishment of a long overdue park at Fort William. We have an outstanding site there but it is on the Indian reservation. I am referring to Mount McKay.

No doubt the hon. member for Dufferin-Simcoe has driven over that mountain and looked out over Thunder bay with its beautiful scenery and all its charm. We have a ski jump there that is not second to the ski jump at Calgary. There is beautiful skiing there and splendid ski trails which are second to none in Canada. This beautiful Loch Lomond about 15 miles around supplies the city with water. It is 800 feet up.

I do not think we have any site in Canada to excel Mount McKay. Of course, the difficulty is that the province and the dominion own this mountain and arrangements would have to be made through the department of Indian Affairs. I hope to see the minister out there this year. If he does come out to see us we will introduce him to something which he has not seen anything to excel.

Mr. Hodgson: Mr. Chairman, in taking part in this debate I shall be very brief. I spoke about this matter to the minister at noon.

I would like to see a small park near Fenlon Falls in Victoria county in memory of Champlain. The old Champlain trail which runs from Simcoe lake to Balsam lake has been preserved by the province and the road has been preserved along the same trail. In fact, it is still called the Champlain road and it always will be.

Up near Sturgeon lake there is a place known as the Champlain camping ground. The first house built in that part of the country still stands there. The people who owned it for a number of years kept the house in relatively good repair and although it is not in an excellent condition now it could be cheaply fixed up.

I believe a park could be provided there and that it would not run into much money. I think the province and the county could share with the dominion in the cost and it could be done on the basis of a three-way split in some way or other.

I would like to see a small national park provided there in remembrance of Champlain, the first white man to travel in that country. He made more than one visit to the place and this particular spot was always his camping ground.

Mr. Nowlan: Mr. Chairman, before the item carries I would like to draw the attention of the minister briefly to one aspect of this branch administration with a reference to historic sites. A moment ago the hon. member for Oxford discussed a historic site in his constituency with the minister and I would now like to draw the minister's attention to another historic site which I think is of even greater importance and about which I spoke on another occasion.

The definition of a historic place in the Historic Sites and Monuments Act is as follows:

> "Historic place" means a site, building or other place of national historic interest or significance, and includes buildings or structures that are of national interest by reason of age or architectural design.

I repeat the words:

> . . . of national historic interest or significance.

Then, under section 3 of the act, the minister is given power to preserve these sites by marking them with plaques and under sub-section (e) he can provide for the administration, preservation and maintenance of any historic place that has been acquired, and so on.

I am thinking of a historic site that does not have to be acquired, one which is presently vested in the department, and located at the foot of parliament hill, the old Supreme Court of Canada building. I can imagine no building which more closely falls within this definition of historic interest and significance than the building in which the supreme court of this country was first established.

When I say "first established", I am not overlooking the fact that at one time the court met in the railway committee room in the former House of Commons. It may be if tradition is justified—I presume prime ministers are often confronted with many problems —that the then prime minister had to placate people and it may be that the then chief justice of Canada did not like the then prime minister too well and the then prime minister did not like the chief justice of Canada too well, and it may be that the chief justice was promised if he moved into this old building that shortly afterwards the new supreme court building would be built.

If that is so, so much the better and all the more reason for preserving this building. If tradition is correct and that building was first used by stonecutters who were cutting the stone for the predecessor of this building, and if afterwards it was used by coachmen who kept their hands and their horses warm while waiting for the cabinet ministers of the day, Sir John A. Macdonald and Alexander Mackenzie, whoever the cabinet minister may have been, then this serves to enhance the tradition, because out of that old building has been evolved the Supreme Court of Canada.

What do we find now? Within three minutes' walk of the old supreme court building which first served as a shed and later served to house the supreme court we have the present magnificent supreme court building. What better symbol could there be of the development of this country than the preservation of these two buildings located within a stone's throw of each other?

In our present Prime Minister we have a gentleman who was a former president of the Canadian Bar Association. He knows and appreciates, as does the minister concerned, the value of tradition and of law and what it has done for this country. Out of the principles of law has evolved everything we preserve and value. I think that of all buildings of historic importance this old supreme court building should be preserved, because, to use the old legal and constitutional expression, the warp and woof of our constitutional development is contained within that building. There is not a lawyer from the Atlantic to the Pacific, nor is there anyone interested in the law, who does not value that building and believe that it should be preserved.

As someone once said, writing of another building:

> A nation is not built of stone, to be sure, but it is built essentially of memories that have more force than any statute law or public policy. The stone laid by ancient, nameless masons long ago and inhabited by the men who made Canada contains the nation's most important asset—its myth.

One might substitute for "myth" the word "tradition". This building is now vested in the crown and I was rather shocked to read the other night that one minister announced that it is shortly to be destroyed. Why is it going to be destroyed and what is going to be substituted therefor? A parking lot. It is proposed to replace this cherished building with a parking lot which could perhaps accommodate 20, 30 or 40 automobiles.

On parliament hill we have a statue of Sir Wilfrid Laurier looking down at the great hotel which bears his name, the Chateau Laurier. We also have here a statue of Sir John A. Macdonald looking at the parliament buildings. He contributed so very much to the establishment of our parliamentary system. We are also going to have a statue of Sir Robert Borden, one of Canada's great constitutional lawyers, and if the proposal I have referred to goes through he will be surveying a parking lot. I hardly think that is in keeping with his station in life, particularly since the old supreme court building can be preserved at very little cost. The building may need a little repair but not very much.

Someone may ask, "What can you use it for?" I would reply by asking why the people of the United States preserve so many buildings in that country. They preserve them as part of their tradition and history. In the city of Philadelphia one can see a little brick building located in the centre of the city. One is almost required to take off his shoes and remove his hat as he approaches it because those people value and treasure it as a part of their national tradition, a symbol of their national development.

There are many hon. members here who lay great emphasis on the necessity of our having a Canadian flag, and with them I do not quarrel. They want all the trappings, shall we say, or many of the tangible signs and symbols of our national development to prove we are a nation. We will not become a great nation and preserve that nationhood unless we preserve the traditions of the past, and that can be done in connection with this building down here more than any other building in Canada. The minister has a responsibility to preserve that building. It is true that there may be some conflict with the ideas of the federal district commission and there may be overlapping jurisdiction with other departments, but for five months I sat in on the committee dealing with the affairs of the federal district commission and

I can say that there is no hard and fast rule that the dicta of that commission shall apply and necessarily be binding. Without taking up further time on this matter I simply want to re-emphasize that in my opinion this building should be preserved and it is the responsibility of the minister to preserve it.

Mr. Churchill: Mr. Chairman, I should like to support the suggestion of the hon. member for Digby-Annapolis-Kings and urge the minister to take appropriate action with regard to this building. It must be the oldest building among the group on Parliament Hill if it was built originally for the stone cutters and carpenters engaged on the other buildings which grace this site.

Not only is it possibly the oldest building on this site, it has a tradition extending back 60 or 70 years as the home of the Supreme Court of Canada. Special interest should be taken in this building and I deplore any suggestion that it be torn down simply to provide parking space.

The building lacks some of the architectural grandeur of the other buildings, but nevertheless the exterior is of the same material. If there was some care taken in fixing up the roof and windows the building would look much better from the outside than it does at the present time. There is some value in keeping that building as it is and restoring it to make it more suitable than at the present time. It may be used for other purposes, but I suggest that it should be restored to its original condition as the old home of the supreme court. At least one portion should be open for those who are interested, as are so many Canadians, in the past history of our country.

In looking over the records of the Supreme Court of Canada I find that in 1890 an article was written in a United States journal by Mr. Robert Cassels about the Supreme Court of Canada. In describing the building itself, he says, and I quote from page 255 of this publication:

> The building in which the court meets is at the extreme westerly end of the government grounds. It is built of the beautiful Nepean sandstone, but without architectural ornament of any kind, having been originally erected for use as government workshops, and since altered to suit the temporary requirements of the judges and the court. The accommodation is quite inadequate to the needs of the court, with the exception of court-room, which with its arched roof and fittings of natural coloured pine and large Gothic windows is bright and cheerful; it is also easily ventilated and heated, and possesses excellent acoustic properties.

And then at page 241 is to be found a picture of the supreme court room which has just been described in those words. There people can see that court room as it was originally set up and used at the time when there were only six judges of the supreme court. In the *American Bar Association Journal* of 1946 is an article by E. K. Williams, Q.C., now chief justice of the Queen's Bench in Manitoba. This deals with the move of the supreme court to its new building, and referring to the new building he says in the concluding paragraph:

> The building a photograph of which is reproduced on the cover of this issue of the *Journal*, is a worthy home for the Supreme Court of Canada, but even so the barristers of Canada, who have appeared before that august tribunal in the comfortable and friendly atmosphere of the old court room, with its faded hangings but excellent acoustics, will think, with nostalgic longings, of the glories of the simpler days now gone, of the great judges who presided and the eminent counsel who pleaded before them, and while rejoicing in the new, will still fondly reminisce about the old.

I submit that this building might very well be preserved as a national shrine in order to give due importance to the judicial branch of the government of Canada. A little pamphlet dealing with the Supreme Court of Canada has this to say:

> The government of Canada consists of three branches, the legislative which enacts the law, the executive which administers it, and the judicial branch which interprets.

The Supreme Court of Canada represents the judicial branch. I shall conclude by suggesting that consideration be given to the preservation of this building, the restoring of the central portion containing the old court room to the condition in which it was in the early days, and the making of this building an historic site to which many people could come to see the beginnings of the Supreme Court of Canada. As has been pointed out by the hon. member for Digby-Annapolis-Kings, the contrast between the old and the new buildings will be immediately evident. Here we have a chance to preserve an important historic site in Canada. As it is situated right in the centre of our national capital on Parliament Hill, we would be well advised to take steps to preserve this building and make it another national historic site and museum emphasizing the development and growth of law in Canada.

Mr. Green: Is the government giving any consideration to taking over Garibaldi park as a national park? It is within easy reach of Vancouver and of at least half the people of the province of British Columbia. For many years the suggestion has been made that it should be taken over as a national park. Of course at the moment it is a provincial park. I remember nearly 20 years ago when the Honourable Mr. Crerar was the minister in charge of national parks he flew over this particular park because the question was being discussed at that time.

Last month the Minister of Fisheries was interviewed while at the west coast about the taking over of this park. According to press dispatches he stated that he still wanted to see it developed as a national park. From time to time there have been statements from Ottawa indicating that the federal government would be willing to take it over on certain conditions. Can the minister state whether or not the federal government would be willing to take over this park on certain conditions and, if so, what are those conditions?

Mr. Lesage: Mr. Chairman, I believe my reply can be quite short. When I was in Victoria at the beginning of July I mentioned the matter to the premier of British Columbia, Mr. Bennett, and he authorized me to say that the development of the park by the province was now receiving consideration.

Mr. Green: So there is no possibility whatever of the dominion making an arrangement with the province to take it over as a national park?

Mr. Lesage: I do not know. I am just reporting what Mr. Bennett told me and what he authorized me to say if I was questioned in the house.

Mr. Nowlan: Before the item carries I should like to ask the minister one question. The minister knows that we have had some discussions and correspondence with respect to the proposed acquisition of the park at Grand Pré as a national park. I know that negotiations are in progress, and I wonder whether the minister could make a short statement telling us exactly where the matter stands at the moment.

Mr. Lesage: The hon. member for Digby-Annapolis-Kings made a motion for the production of all correspondence with respect to this matter. Since the correspondence was tabled the following events have happened. I have had a meeting with Mr. Adelard Savoie, president of La Société Nationale l'Assomption. We have discussed the conditions under which a national historic park could be established there, the main condition, which I outlined last year when I spoke at Grand Pré during the Acadian celebration, being that La Société Nationale l'Assomption turn over to the department the museum in the middle of the park and also the land of the museum. Up to recently La Société Nationale l'Assomption has not been ready to transfer to the department such land and museum.

However, after my conversation with Mr. Savoie, he went back to Moncton and the directors of La Société Nationale l'Assomption had a meeting. On June 29, I received a telegram from the secretary, Mr. Daigle telling me that following my conversation with Mr. Savoie La Société Nationale l'Assomption had passed a resolution authorizing the transfer to the department. I immediately advised the Dominion Atlantic Railway of such acceptance by La Société Nationale l'Assomption so that the offer of the D.A.R. would be held open, and two or three days ago I received a letter from the president, I believe, of the D.A.R. telling me that the offer was open.

As I said, the telegram was dated the 29th of June. Last week, the letter containing the conditions not having reached me yet, I took it upon myself to write to Mr. Daigle the secretary of the society, to ask him to inform me what the conditions were. That is where the matter stands now. As soon as I get the letter and if the conditions are acceptable—I believe they will be because I have a good idea of what they will be—we will proceed to acquire the property of the D.A.R. and of the society and will hold the park and maintain it.

Mr. Barnett: I should like to return for a moment to the subject raised by the hon. member for Vancouver-Quadra. Can the minister say whether the discussion with the premier of British Columbia to which he referred also included any reference to Strathcona park on Vancouver island?

Mr. Lesage: No, Mr. Chairman.

Item agreed to.

The Chairman: We will proceed now to item 300.

Canadian wildlife service—

300. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $472,331.

Mr. Green: The minister will remember that about two years ago we had a discussion in the house concerning wildlife in the Northwest Territories, and at that time he gave us a report with regard to the muskox and the government reindeer herds. Apparently reindeer are not considered as wild life, but perhaps the minister could deal with that situation at the same time. I raise this matter because five years ago there was a very interesting article in *Maclean's* magazine by Vilhjalmur Stefansson in which he had this to say:

> As far as reindeer are concerned the United States department of agriculture estimated some years ago that Alaska could permanently support about 4 million head without overgrazing. Since Canada has about ten times as much permanent grazing land, I consider that it could support a reindeer industry of 40 million head, which in terms of pounds of meat is equivalent to about 80 million sheep.

The muskox, whose feeding habits are even better suited to the north than the reindeer, could do far better. I estimate that Canada's north could maintain a hundred million muskox, which is the equivalent of 400 million sheep. What such a vast industry would do for Canada, and what such supplies of food might do to assist in other developments of the north such as mining and oil, I leave to your imagination.

In the intervening years there have been great developments in the north, more particularly in the opening up of the D.E.W. line and the mid-Canada line, and I think it would be very helpful if the minister would bring the committee up to date with regard to these two situations involving the muskox and reindeer herds.

Mr. Lesage: As members of the committee will know, the muskox is a wild animal. I made a report on muskox two years ago when my estimates were before the house, but it is difficult to know what the numbers are. It is believed that the number has increased, but certainly not to a sufficient extent to allow us to do away with the regulation forbidding completely the killing, hunting or molesting of muskox.

As to the reindeer, I have to say that our experience in the last 20 years has not always been very satisfactory, and I have to admit that in the last year it has been very disappointing indeed. We have always had some trouble in making herders out of the Eskimos, who are natural hunters, but with the jobs available at Aklavik and on the D.E.W. line where a good number of Eskimos are employed it has become even more difficult to interest Eskimos in being herders. But that is not the only disappointment. There is worse than that. The original herd of about 2,300 deer 20 years ago has increased to 6,500 this year but the figure of 6,500 is a decrease from last year.

The losses have been heavy this year. The causes of the losses have been straying, predation, poaching, sickness and injury. A disease of the bones has developed which weakens the spine and has caused the loss of a good number of reindeer. We are trying our best to find something that we can add to the diet of the reindeer to prevent that weakness of the bones. Studies are being made to determine the cause of the weakness and, as I said, we are trying to find what supplementary fodder, mineral salt or other thing we can use to prevent the generalization of the disease.

Reindeer herding has not been easy anyway. In Alaska, as the hon. member knows, they have had serious losses. However, I am really confident that our scientists will find what supplementary food or diet has to be given to these animals so that they can continue to grow in numbers. After all, the meat of these herds is the only meat the people of Aklavik and the Arctic coast and especially the people of the delta of the Mackenzie can get except that when there is a real scarcity we fly in buffalo meat from Wood Buffalo park.

Mr. Green: Are they having some trouble in Alaska with the reindeer?

Mr. Lesage: There are very few. They have declined at a terrific pace. In one year—I do not remember which one—I believe they came close to disappearing completely.

Mr. Green: What about caribou herds?

Mr. Lesage: The story is not any more encouraging. This is quite a serious problem for the natives, this depleting of the caribou reserves. According to a survey which was made in 1950, in the Northwest Territories there were approximately 670,000 head of caribou. According to the survey of last year—that is in 1955—the number was approximately 300,000 which is less than half. That decrease occurred in five years. Caribou is a major source of meat for the Indians of the Mackenzie valley and for the Eskimos of the Keewatin district. This decline we consider is most serious. The causes of it appear to be predation, human utilization, forest fires, unfavourable weather and the parasites. Since last year, we had a very good discussion on that subject, or rather I should say that there has been discussion. I was not there. My deputy as commissioner of the Northwest Territories had with the members of the territorial council a very full discussion of what should and could be done in the way of conservation in order to try to increase the herds of caribou and bring them back to the numbers that we used to have. It was felt that we should increase our predator control, something which has been done all over the territories. By the known means of wolf traps and poisoning we have taken a much greater number of wolves this winter than ever in the past and we hope that this control will help somewhat to bring back the herds of caribou to what they were.

Another thing that we have done is steadily to increase our educational program among the natives with respect to conservation. I have here in my hand a booklet which is written in Eskimo and which has been widely distributed. It teaches the Eskimos in a simple manner the rules of conservation and what they should do. It tells them not to kill more than they need, and not to leave any meat around as they used to do in the past when the caribou were plentiful. We are really doing our best. By all known

means we have sought to teach the Indians and the Eskimos the rules of conservation in the case of caribou.

Finally, in the north and here in Ottawa we have formed technical and administrative committees. We have formed those committees with representatives of the federal and provincial governments, because some of the caribou come down below the 60th parallel into Manitoba, Saskatchewan and Alberta. The provincial governments have been very co-operative. At this time I wish to express my appreciation of that co-operation. In a few words I would sum up the situation in this way. As far as reindeer are concerned, the situation is disappointing. As far as caribou are concerned, it is more than disappointing. But, with the measures we are taking, we hope that we can overcome these difficulties and bring the herds back to what they were.

Mr. Green: The minister said there now were about 6,500 reindeer?

Mr. Lesage: About 6,500.

Mr. Green: The figure on December 10, 1953, was 7,730.

Mr. Lesage: That is right. That has been the loss in the two years. Only last year the loss was 1,130, as a matter of fact. I do not want to be too exact. Let us say it was around 1,100. One must take into account the fact that in the last 20 years we have slaughtered about 11,000 head for human consumption.

Mr. Herridge: Mr. Chairman, I understand this service functions somewhat in the backwaters of the department's activities, at least so far as the public is concerned. It is a very important service, but I am quite sure that its good work is not recognized as widely as it should be recognized. I understand that the minister's department in, let us say, the water resources branch in recent years have got into the very good habit of having special conferences on a particular problem, and that possibly the same thing occurs in the forestry branch and in the national parks branch.

Wildlife is a very important thing to consider in any development in this country, whether of water resources, forest resources or of park areas. What I am wondering is this. Is it the practice of the minister to have the senior officials of the wildlife service present when a conference is being held to make decisions with respect to any forest development or water development in this country? I think it is a most necessary thing that all these various activities within the minister's department be correlated and that every consideration be given to every aspect of a problem before a final decision is made. I just ask the minister this question. Is it the practice to have the wildlife service represented at conferences making decisions on the development of water resources?

Mr. Lesage: Mr. Chairman, we in the department do not take decisions on the development of water resources in the provinces. We make the study, but the decision as to where and when a water resource is going to be developed is something that is up to the provinces. This is not our field. I do not agree with the hon. member when he says that the wildlife division in the department is nothing but a backwater in the department.

Mr. Herridge: I did not go as far as that, Mr. Chairman; I said that it functions somewhat in the backwaters—

Mr. Lesage: Then let us say "somewhat".

Mr. Herridge: —in the public mind.

Mr. Lesage: Oh, in the public mind. I was going to say that in the figures in the estimates that I have in front of me, the total estimates for the wildlife division in 1943-44 were $46,000. This year the total estimates are $472,000.

Mr. Herridge: I am highly pleased to see that, Mr. Chairman. But just to follow the matter up, may I say this. I understand that—in fact I should say that I know it—the minister's department does not make decisions. However, it does discuss possibilities. Obviously the minister's officials came to a definite conclusion as to the propriety of a certain development in British Columbia. But while his department does not make decisions, I think it would be a good idea to have the practice of this department meeting in conference so that all aspects of the problem would be considered when they were even possibly making recommendations or coming to conclusions among themselves.

Mr. Lesage: I am not sure that the hon. member realizes that we have no wildlife officers in British Columbia other than those connected with the administration of Migratory Birds Convention Act. In British Columbia wildlife is a provincial responsibility. It is a provincial responsibility, as are waterpower development and forestry. Our wildlife people co-operate with the provinces. They also have to look after the migratory birds convention application in Canada and they have to deal with wildlife in the territories which are ours north of the 60th parallel—that is in the Yukon and Northwest Territories—and also in the national parks.

But the problems of wildlife in the provinces are a provincial responsibility. However, I may say that whenever we have to take a decision which is our decision and which could affect wildlife, of course Mr. Mair, the chief of the wildlife division and his associates are consulted by us, that is by the various branches of the department including the forestry branch, the water resources branch and the deputy minister's office. This applies whenever we have to take a decision on something that could affect wildlife anywhere in Canada.

Mr. Herridge: I just want to follow that up with an illustration where one of the ministers' officials did perform a very useful service two or three years ago. There was an application before the international joint commission to drain what was known as Duck lake for agricultural purposes. It was the evidence, I think, of the department's chief wildlife officer at that time and his obvious mastery of the situation that obviously had some influence on the decision of the international joint commission—that was in British Columbia—in regard to the wildlife and in relation to the interference with a water resource in the province. We appreciated that very much indeed.

Mr. Brooks: I was very much interested in hearing the minister say, in connection with the conservation of wildlife, that his department worked in conjunction with the provinces. I think that is quite understandable because wildlife does not recognize provincial boundaries.

Mr. Lesage: Not even international boundaries.

Mr. Brooks: Nor international boundaries. He mentioned the parasite infection of the caribou. In my province we are very much interested, for instance, in the moose herds, and I was wondering what success his department was having in dealing with this parasite infestation of the caribou and whether they found that the moose herds in the northern part of this country were being depleted on account of parasites. I am wondering whether the provinces and his department are working in conjunction in research, for instance, that might deal with this very serious problem, because the moose herds are being wiped out, except in Saskatchewan, where I understand they have opened the season after a good many years of closing. Could the minister give us some idea of what is being done?

Mr. Lesage: I shall be very frank and I shall read the note I have here. I am no expert either on parasites or wildlife, and I do not believe I could be expected to do more than offer the information I have here. Parasites may have an adverse effect on caribou population, but the information available is insufficient to make definite statements.

Mr. Brooks: I should like to ask the minister what research is being carried out by his department?

Mr. Lesage: Mr. Mair, who is the chief of the wildlife division, says that it is a continuing research program by the Canadian wildlife service and that some research is also done in various provinces and there is constant exchange of information between the provincial and federal authorities in this matter. As a matter of fact, I know that in the domain of wildlife the co-operation between the Canadian wildlife service and the wildlife services of the various provinces is very close indeed. Every year there is a federal-provincial gathering of the experts on wildlife, and every year also there is a North American convention. I had the pleasure and advantage of attending one in Chicago. Very serious work is done at these conferences. All the information that is obtained in the United States by the federal officials and state officials and in Canada by the federal officials and provincial officials is freely exchanged all over North America.

Mr. Brooks: Might I ask, with what success?

Mr. Lesage: With whatever amount of success the human mind can attain in such matters. Of course, being human, we cannot say that we know everything about wildlife and how to conserve our resources of wildlife. We know a good many rules. We have a good many basic data. Research is going on all the time, and this research is producing results, but man has never attained perfection, and I am sure that until the end of the world we will learn more and more every day in the field of wildlife as in the field of philosophy and the sciences.

Mr. Brooks: That is not much encouragment.

Mr. Campbell: When this item was discussed last year I had something I wished to say but I happened to be absent from the house and missed the opportunity. However, the member for Kootenay West brought up the subject to which I now wish to refer for a few moments, that is, the question of man's inhumanity to wild life. I refer to the method that we have used for many years to trap our fur-bearing animals.

I do not think that many people other than those who are actually doing the trapping realize the terrible torture that is inflicted

on our fur-bearing animals when they are caught in steel traps. As you know, the trapping is all done during the cold winter months, and when an animal is caught it may not die for a matter of days. It will slowly starve to death, and there is a long story that I cannot go into at this time, telling of this terrible suffering that they put up with. There are millions of these animals killed by the use of traps every year, and, if all their suffering could be added up, people would be so incensed that something would be done to put a stop to it.

One of the big problems has been to find some method of getting these animals and getting their furs in a more humane manner. After the hon. member for Kootenay West spoke last year, I said that his speech was an effective speech, and it was so much so that he received a very interesting letter from the minister, who showed his interest in this matter. I want to quote from that letter:

> From time to time we have received representations against the use of steel traps from humane societies and other organizations. The problem is a difficult one and so far it has not been possible to do away with the use of steel traps, not because of any lack of sympathy with the aim of avoiding unnecessary cruelty, but because no practical solution to the problem has been found. As you pointed out in your remarks, "it is not so easy to find a replacement as one might imagine if one has had no experience in that line."
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> For many years efforts have been made by a number of societies in Canada and the United States toward more humane practices in trapping and prizes have been offered for the invention of improved traps. There has been little progress in this direction, usually the attempted improvement has been found to be considerably less efficient, difficult to use or much more costly to manufacture. Those interested in the fur trade have also tried to evolve more humane and more efficient equipment. No practical alternative for the steel trap has yet been produced in Canada and its use, therefore, continues to be general throughout the country. I might add that a Mr. Frank Conibear, a former resident and trapper in the Northwest Territories for many years, has been experimenting with an improved type of trap, which he claims would be more humane and more efficient. We have asked the warden service in the Northwest Territories to assist in arranging and assessing field tests of Mr. Conibear's trap . . .
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> This department is in complete sympathy with the views which you have expressed. I hope that a trap can be found which fulfills, as far as possible, the requirement for humane treatment of animals and which, at the same time, meets the needs of those who must follow the trapline for a living. Difficulties can be expected in getting the trappers, particularly the natives, to adopt any trap which is either inefficient, cumbersome or difficult to use. For that reason, I am glad to know that other types of traps have been found satisfactory in the Scandinavian countries and Germany. We will pursue the matter and I am grateful to Mr. Campbell and yourself for bringing this information to my attention.

The minister speaks there of the efforts that have been made by Mr. Conibear to develop a more humane trap. I have a news letter which was sent out by the Association for the Protection of Fur-bearing Animals.

This is an organization with headquarters in Vancouver. They talk about this new trap that Mr. Conibear has developed and they say:

> There have been setbacks encountered in the past months. First, there was some unavoidable delay in having the traps ready in time, and, on account of the abnormally early winter, this meant that some of the trappers who had promised to try out the traps had to leave for the hills before the traps could reach them, and so they are unable to test them this winter. Mr. Collier, who is president of the B.C. registered trappers association, has now taken all the traps himself, and he and his son are working with them this season. First reports were disappointing on account of some trouble with the trigger, which made the traps hard to set in zero weather. Now, however, adjustments have been made and the last lot of traps have gone out with an improved trigger which has proved entirely satisfactory. The last report we had from Mr. Collier was extremely hopeful.

Then they go and report later that the traps have been proving very successful. I could take a lot of time to give a complete report to the committee on the traps up to date, but I do not want to do that this afternoon. The last thing that is written in this report is that Mr. Collier has been successful in getting mink and many other kinds of animals, but he still has to test for beaver.

I am wondering whether the minister has any knowledge of what has been going on in this sort of experimentation? I would suggest to him that if this new trap proves to be a success he might institute a program somewhat similar to the program that has been used in the province of Quebec in the changing of sap buckets. We all know that the sap producers in the province of Quebec receive some help in exchanging their old sap buckets for a newer kind. I was hoping that if this trap proves to be a success the minister might develop some kind of a scheme whereby the trappers could get some assistance in making the change so that it would not be too hard on them. I would be interested to hear the minister's comment and whether he has any further information regarding this trap or not.

Mr. Lesage: Here is the up-to-date information I have on this new trap:

> Arrangements were made for the warden service in the territories to assist in arranging and assessing field tests of Mr. Conibear's trap. Mr. Conibear had also arranged for field tests to be conducted in British Columbia, Ontario, and some of the states of the United States of America. Reports received from Fort Simpson and Wood Buffalo park were very favourable concerning the use of Mr. Conibear's trap which the trappers agreed killed the animals immediately, but, an adverse report was received from Aklavik. British Columbia also reported quite favourably on the

use of this trap but in all instances it was suggested that further tests be held this coming winter with many more traps of varying sizes. Mr. Conibear has agreed to furnish sufficient traps of different sizes for use next winter on all species of fur-bearing animals and the results of these tests should prove conclusively whether or not Mr. Conibear has succeeded in producing a more humane type of trap which could be adopted generally.

Mr. Harkness: Since the reindeer question has come up, may I ask the minister whether the cost of the reindeer program is paid out of this vote or whether it is not paid out of the Northwest Territories vote?

Mr. Lesage: It is paid out of the northern administration vote, but the hon. member for Vancouver-Quadra suggested that he speak about it on this vote and I agreed.

Mr. Harkness: I just want to clarify out of what vote it is paid. What has been the cost of that program?

Mr. Lesage: A little over $1 million.

Mr. Charlton: Reference has been made to the diseased condition of reindeer and other wildlife in the north. Can the minister tell me what departments are co-operating with his department on this program? Is he making use of the available services of other departments to help along this line?

Mr. Lesage: The Department of Agriculture and the department of health and welfare.

Item agreed to.

Water resources branch—

Water resources branch, including federal share of expenses of the Lake of the Woods control board—

302. Administration, operation and maintenance, including grant of $350 to the international executive council, world power conference, $838,204.

Mr. Nesbitt: Mr. Chairman, I am going to try an innovation this afternoon and speed up proceedings by making two speeches at once. I am speaking in my own behalf and in behalf of my colleague, the hon. member for Perth, who is in the banking and commerce committee, but we both have the same problem. I imagine the minister is well aware of what it is. It is the completion of the works of the upper Thames river conservation authority. I have a number of briefs before me on the desk. I know the minister has received them and I do not intend to go into them any further. The minister is probably well aware, or much better aware of what is in them than I am. But I should like to urge upon the minister that he do his very best to persuade his colleagues on the treasury benches to put up the money to complete this project.

As I understand it, the water conservation and flood control—although the water conservation aspect is the aspect that concerns us in this house—works on the Thames river are intended to serve as a sort of prototype for similar works on other rivers. We all know that in this country at the present time, particularly in heavily populated rural and industrial areas such as southern Ontario, the water problem has become a very big thing indeed. Rivers are being drained for irrigation, and during the summer—I grant you, probably not as much this summer as in others as we have had an unusual amount of rainfall this year—water supplies in urban areas which have greatly increased in population have become a very serious problem. I know in southern Ontario it is almost certain that water will have to be piped in from the great lakes to the inland industrial cities such as Kitchener, London, Quelph, and so on.

Mr. Hosking: Not Guelph; we have all kinds of water in Guelph. We do not want any industries that are thinking of coming to Guelph to believe that there is not plenty of water there for them. There is plenty there.

Mr. Nesbitt: I am glad to hear the hon. member for Wellington South say that he has such an adequate supply of water, and that they will not have the problem that other cities have. I was just using his city an as example. I believe his city must be the only one so situated, with the possible exception of my own.

The water problem is a very large problem in southern Ontario, and the minister and officials of his department are well aware of it. Certain works have, of course, been completed on the Thames valley project, such as the Fanshawe dam near London and the channel improvement scheme near Ingersoll, Ontario. But really, if this very extensive water conservation project is to work, all the dams and other projects must be completed to find out. If it works as well as I believe it is expected it will, then similar projects no doubt will be instituted in other parts of the country that have the same problem. To complete the work on the upper Thames valley authority, the following dams are required to be completed: Glengowan dam and reservoir; Wildwood dam and reservoir; Thamesford dam and reservoir; Woodstock dam and reservoir; Cedar Creek dam and reservoir; St. Marys channel improvement scheme; Mitchell channel improvement scheme. Everybody in this part of the country, of course, is greatly interested in having this project completed.

I should like to bring to the minister's attention a resolution which was adopted by

the corporation of the city of London and endorsed by the Woodstock city council. It reads as follows:

Whereas the watershed of the Thames river on March 7 and 8, 1956, received a very heavy rainfall averaging 1½ inches over the watershed;

And whereas the south and middle branches of the Thames river were at high flood stage and the south branch threatened to inundate several low-lying areas in the city of London;

And whereas flooding of the south branch was only avoided by storing approximately 20 feet of water at Fanshawe for a period of 24 hours, thus enabling the south branch to empty more rapidly;

And whereas the volume of water in the southern part of the watershed could not have been handled if a heavier rainfall had occurred in the northern portion or more rapid run-off had occurred and heavy flooding in the London area could not have been avoided;

And whereas the only remedy for this situation lies in the construction of further dams at Wildwood, Glengowan, Thamesford, Woodstock and Cedar Creek as well as channel widening and improvement works, all as referred to in the brief of the authority submitted to the minister of planning and development (Ontario) and the Minister of Northern Affairs and National Resources (Canada) on or about January 31, 1956, and as planned in the initial program for control of flooding in the Upper Thames watershed;

Therefore be it resolved that an immediate and urgent plea be lodged with the Minister of Northern Affairs and National Resources for the assumption by the dominion government of 50 per cent of 75 per cent of the cost of the said projects; it being pointed out that the provincial government, through the minister of planning and development has already undertaken to assume its 50 per cent share of the share of the said 75 per cent of the cost of the enumerated works; and that the assistance of the minister of planning and development for the province of Ontario be sought in pressing for immediate and favourable action by the dominion authorities;"

Damage caused by flooding of properties in the Cedar Creek watershed in Woodstock is in the thousands of dollars. We believe the need to proceed with this work now is most urgent. Your earnest consideration is requested.

Yours very truly,
R. G. Given,
City Clerk.

No doubt the minister has had other representations made to him but I am making this one now. I do not want to extend my remarks any further than necessary but I would like to refer the minister briefly to one or two items in the last brief that was presented to him. I have in my hand a brief sent to the minister on February 12, 1955.

The subject of flood control is of vital importance although it is not of direct concern to this house because it is a provincial matter; but the conservation of water is of importance, too, and it is of direct concern to us.

It is intimated in the last brief sent to the minister by the Upper Thames Conservation authority that if the dams I mentioned were constructed the value of the water that would be conserved would be approximately $70,000 annually.

I would very much like to refer to page 5 of this brief sent to the minister last February. I will not read the brief but will merely paraphrase it. It points out that the conservation of water in these areas, created by the dams which we hope will be constructed, will raise the level of the watershed all through the southern part of the province, will prevent wells from drying up and will prevent the turbidity of water—I think is the term used—that is, water that has to be processed for drinking purposes in the urban areas, and will in general relieve the acute water situation which has developed as a result of the greatly increased population and the increased industrial use of water.

I say that this problem is acute in most parts of southern Ontario but I am delighted to hear it is no problem in Guelph.

In conclusion I again urge upon the minister that he do his very best to complete this project as soon as convenient. It certainly would be most interesting to see if the whole project, from the water conservation point of view, works out as is hoped; and, if so, other parts of the country can gain from the experience gathered in the building of this prototype conservation project.

Item agreed to.

304. To provide for studies and surveys of the Columbia river watershed in Canada, $465,010.

Mr. Fulton: On this item, Mr. Chairman, I would like to ask the minister if he would give us some information regarding the proposed inter-governmental meeting between representatives of this government and the government of the United States at which, as the Prime Minister informed us earlier in the session, it is expected that the matter of the Columbia river basin will be discussed.

As I understand it, the reason why this inter-governmental conference will be discussing this matter is because it is considered at the present time that something of an impasse has been reached in the international joint commission. That is to say, the views held by the Canadian section and the United States section do not appear to be capable of reconciliation with reference to the particular subject of the possible diversion of the Columbia river or a substantial part of it through a tunnel below the Mica Creek dam or from a point between the Mica Creek dam and Revelstoke and thus down the Fraser river system.

I should like to know just what importance the government of Canada attaches to that

diversion, not to our right to make it but to the diversion itself, because recently there have been so many conflicting statements as to whether it would ever be possible to construct power dams on the Thompson and Fraser rivers down which those diverted waters would flow without irreparable damage to the fisheries interests. I think we should know now whether the view of the government is that those interests can be reconciled.

The minister was kind enough to give me an interview earlier this session which I would only refer to in general terms. As a result of that interview, however, and as a result of what has already appeared in the press, it is obvious that the fisheries interests up to date, so far as my information goes, are unalterably opposed to the erection of power dams on the Fraser river below Lytton and on the Thompson river between the outlet of Kamloops lake and its junction with the Fraser at Lytton, whereas the Department of Northern Affairs and National Resources under the direction of the minister has extended something in the neighbourhood of a quarter of a million dollars to study the power potential of that system in the light of the proposed Columbia diversion.

Mr. Lesage: Not only that; not only the power potential. The contract we have given to B.C. Engineering is to make a complete survey as to the economic feasibility of the diversion, and I have not yet received a report

Mr. Fulton: No. I have a copy of the contract with the British Columbia Engineering Corporation dated June 14, 1955 and the contract price is shown as $241,000.

Mr. Lesage: Yes.

Mr. Fulton: The point I am most concerned with is whether there is any possibility of reconciliation, because up to date the fisheries have been saying, "No dams"; they have been saying they will never agree to the construction of dams on the Columbia and Fraser rivers because they say it cannot be done without irreparable damage to the fisheries interest.

Mr. Lesage: The matter is presently under scientific study, as the hon. member knows.

Mr. Fulton: I know it is under scientific study, but statements have been made that those concerned are not now contemplating the erection of power dams on those rivers for that reason. I have seen those statements. The government of the province of British Columbia has taken the position, publicly at any rate, that at the present time it is opposed to the erection of these dams. I should like to know just what is the position so far as the two departments of this government are concerned.

Then I should like to know also the stand this government intends to take at the intergovernmental conference with United States representatives. As the committee knows, the United States has expressed the gravest concern at the possibility of Canada diverting a very substantial portion of the waters of the Columbia down the Thompson and Fraser river systems. General McNaughton has rendered a most outstanding service to this country in the skilful and comprehensive manner in which he has developed Canada's case and placed it before the international joint commission, resting it on the provisions of the international boundary waters treaty and completing it to the point where it is established clearly and absolutely that Canada has the undeniable right to divert these waters within our territory.

That being the position we have taken, then what is the purpose of the inter-governmental discussion? I think the committee is entitled to have from the minister assurance as to the position he intends to take. I hope and I imagine and I expect that it will be that Canada intends to give up nothing, to make no concessions which will in any way jeopardize our right to make this diversion. It has occurred to me that one of the things which should be mentioned in the course of these discussions with the United States—I suppose this must have occurred to those concerned but I have not seen it mentioned very prominently anywhere—is that the United States without any discussion or consent on the part of Canada so obstructed the Columbia river by their dams that they ruined that fishery. We have been most careful to conserve the Fraser system fisheries and to rehabilitate them to the point where they are now most valuable assets, the proceeds of which the United States share to a considerable extent.

I think that that must be borne in mind should any discussion arise as to intransigence or lack of co-operation or unilateral action on the part of the two governments. It is my view that if there has been such intransigence or lack of co-operation it has lain pretty well exclusively in the past on the side of the United States and not on the side of Canada.

I should like to have from the minister the assurance that the studies being carried on by the British Columbia engineering corporation on the Thompson in connection with this diversion and in connection with the power sites on the Thompson and Fraser are being

carried on in a realistic manner. I should like to know what additional funds if any are being provided in order to expedite research into the problem of getting spawning fish up and fingerlings down, over or around power dams. In my view there has not been anything like sufficient energy and funds expended on this most important research.

Secondly, I should like to hear when it is expected that the survey with regard to power being carried on by that engineering corporation will be concluded. Thirdly, I should like to hear, and I hope in considerable detail, just what position this government is going to take in the conference with the United States government on this particular subject.

Mr. Lesage: Mr. Chairman, the hon. member for Kamloops has touched upon one of the most important matters, if not the most important, which I and my associates in the department will have to deal with in the next few months. It is most important, not only for British Columbia but for the whole of Canada because other provinces have rivers which cross the boundary. I agree that the international rivers in British Columbia have the greatest power potential. I can well understand the concern of the hon. member for Kamloops, the hon. member for Vancouver-Quadra, the hon. member for Kootenay West and the hon. member for Kootenay East over the development of the Columbia river, and we should not forget the Yukon river as well.

I understand their concern and I share that concern with them. Dealing with the Columbia, with which the hon. member has dealt, I want to see the optimum economic development of that river in the national interest of Canada and of the province of British Columbia. The hon. member for Kamloops has asked me what importance we attach to the right to divert the waters of the Columbia river to the Fraser river and what importance we attach to the fact of the diversion itself.

As to the right of diversion, we have contended and I contend this afternoon, along with General McNaughton, for whom I think everyone here has such respect, that we have a complete right to divert under article 2 of the treaty of 1909. I believe we have the right to make that diversion if it is economically feasible to do so.

Then the question is asked whether we attach much importance to the diversion itself. We do attach great importance to it if it is in the interest of Canada, if it is economically feasible, and if it is proved that there is no other way of proceeding which would bring better results and greater benefits. I believe that is quite clear.

[Mr. Fulton.]

The hon. member wishes to know whether in the view of the government the fish and power interests can be reconciled. In the over-all study of the possibilities of the diversion the cost of the diversion is a factor, the amount of power which can be developed is a factor, the disruption of certain essential services along the Fraser is a factor, and of course the fisheries are a primary factor. But it is a factor which has to be taken into account in the over-all study of the economic feasibility of the diversion, and that is why this report on fisheries was made, for the benefit of those who make the study on the economic feasibility of a diversion. I do not remember the exact wording in the report that I see the hon. member for Kamloops has in his hands now, but it is said, I believe, that at the present time it would be difficult, if not impossible, to have a series of dams on the Fraser without killing the fisheries. But that is not necessarily the final word, and evidence of that can be found in the fact that some studies are going on at the University of British Columbia and that studies are being made constantly and continually in the Department of Fisheries on the possibility of having the fingerlings and other fish go over the dams.

As we say in French it is a vérité de La Palice, that science is improving all the time, and it may very well be that in the very near future some ways and means will be found of overcoming these difficulties. Why should we discard these possibilities? I believe that no possibility should be discarded. We talk about the differences in views and the differences between the fisheries and the power interests. Of course there are differences between the fish and the power interests, and of course we hope it may be possible to reconcile them if we study more deeply the problem that is presented. But to say immediately that we should stop any economic study of the diversion because at the present time we do not have sufficient scientific knowledge of how to cope with the fisheries problem is, I believe, not reasonable.

Mr. Fulton: Mr. Chairman, I believe so too, and I hope the minister is not suggesting that we are saying anything different. It is his colleague, the Minister of Fisheries, who has been saying it.

Mr. Lesage: I do not agree with the hon. member that the Minister of Fisheries has said that at no time could there be any reconciliation. I do not agree with the hon. member. The Minister of Fisheries has not said that.

Mr. Fulton: May I refer to page 43 of the report where I find the following:

> Since one of the alternate routes for diverting Columbia river water into Shuswap lake is by way of the Seymour river it can be stated that the environmental change in the spawning and incubation area will be so severe that the existing run of sockeye will be exterminated.

That deals only with one particular part of—

Mr. Lesage: That only deals with one way of developing the Fraser, by ten dams. There may be all kinds of other ways which no doubt will be visualized in the report we expect from the B. C. Engineering Corporation. No, there is no final impossibility of reconciliation, and I am sure that the Minister of Fisheries would agree with what I say now. There is no insurmountable difficulty that I can foresee.

Finally, the hon. member for Kamloops asked me what stand we intend to take in our negotiations with the United States in the matter of rivers crossing the international boundary. In answer I have to put a question to the hon. member. I do not know if he is a poker player. I have played quite a bit in my life but never with my hand face up on the table.

Mr. Fulton: I think the minister has already answered the question in part and to that extent has put his hand face up on the table. I do not think it will weaken his bargaining position because he has told us that we take the stand most definitely that we have the right to make this diversion. He has indicated that we are not going to depart from that position. I suppose if it comes to the point where the United States is going to make us some offer in terms of return of power if we will abandon not the right to do it but indicate that we do not intend to exercise that right, it then becomes a question of negotiation. But I cannot at the moment foresee any return or promise they could make to us, in the light of our present limited knowledge of the potentialities of that diversion, which we would be justified in accepting as full compensation not only for now but for the future for what might be the potentialities to us of our development of the Columbia river. Therefore my view at present would be, and I urge this upon the minister—perhaps it will strengthen his hand when it is dealt—that because of the lack of definite knowledge of what this might mean to Canada when this potential is developed there should be no concession made to the United States. I do not think we are in a position to know what we would be giving up if we agreed now to give up anything in terms of potential development.

I do not see how the minister can take any other position and in fact protect Canada's rights, as he has said he is concerned to do, and as I know he is concerned to do. Therefore I do not see that there is much bargaining that can actually be done. I think we have to say something to them to this effect: You can rely on us, whenever and however we exercise our rights, to exercise them first from the point of view of Canada's interests as the paramount consideration but then to exercise them, of course, in such a manner that they will inflict the least possible damage or disadvantage upon you, and that we will at all times be ready to discuss modifications of our plans whenever the time comes to implement them.

I do not think we can go any farther than that at the present time because I believe we might be placing ourselves in the position where we did not think we would be giving up anything of real value but might find in 10 or 15 years that we had parted with an interest or a right or an opportunity which in the intervening years had become most valuable, valuable beyond anything that we think at present it would represent.

As to the fisheries, Mr. Chairman, I am glad to hear what the minister said with regard to his colleague and the Department of Fisheries because it certainly has seemed to me in the past, and I have come to this conclusion in part on the basis of the report which I hold in my hand entitled A Report on the Fish Facilities and Fisheries Problems Related to the Fraser and Thompson River Dam Site Investigations, that the official attitude of the Department of Fisheries was that they were opposed now and for all time not only to discussion of the idea of a diversion but to any further studies and investigations of it. I think the minister would agree with me on reflection that the conclusion to be drawn from a reading of this report in its literal sense is that it is the official view of the Department of Fisheries—

Mr. Lesage: That is a conclusion.

Mr. Fulton: —that there can be no reconciliation.

Mr. Lesage: That is the conclusion that you are drawing.

Mr. Fulton: I say based on the reading of this report and the various sentences, paragraphs and summaries that are contained in it. If the minister tells me that in fact this report is merely a cautionary statement, all right, I hope he is right. I assume if he says so that he bases it on discussions with his colleague and discussions among the departmental officials. I hope he will insist that that is the proper course to follow. To

talk in terms of the impossibility of the reconciliation of the interests of fisheries and power would to my mind result in an inevitable and sharp conflict with, I think, only one conclusion, however regrettable that would be, namely that power would win. If there were the creation of a spirit of conflict, I believe the result would be that fisheries would be swept aside and really damaged, and perhaps eliminated.

It is therefore essential that there be co-operation. With the minister I believe that if there is co-operation and effort, and above all effort and work, some way can be devised of having both power and fisheries, and in that way the interests of the two can be reconciled. But without such co-operation, and if any more statements like these are made and public opinion is aroused on one side or the other, it may become impossible to reconcile the two. The public demand for an immediate start on projects for power may be such that, as I say, fisheries will be brushed aside, and that would be a very disastrous development.

The minister mentioned the question of research. Research is being carried on at the University of British Columbia, but the bulk of the contribution is made by private industry. Research is being carried on in the fisheries department.

Mr. Lesage: Private industry has the contract.

Mr. Fulton: Yes. I do not want to get into a discussion of the fisheries estimates—

Mr. Lesage: Please don't do that.

Mr. Fulton: —but I may say I do not believe that anything like the effort that is necessary for the solution of this problem is being made in that department.

Mr. Lesage: Tell my colleague that.

Mr. Fulton: I shall do that. What is the minister's department doing in addition to that study which is, after all, a ground survey as well as what I might call a scientific or research study? What funds is this department making available for specific research into the question of how you are to get these fish and fingerlings up and down the river past these power dams?

Mr. Lesage: That is the responsibility of the Department of Fisheries.

Mr. Fulton: I am not sure that it is.

Mr. Lesage: I am seeking your advice.

Mr. Fulton: I do not know that that is a sound attitude. Let us be serious.

Mr. Lesage: I am being serious. I am listening to the hon. member.

[Mr. Fulton.]

Mr. Fulton: I have just said—and I understood from the minister's expression that he agreed with me—that what you need here is co-operation, not conflict.

Mr. Lesage: That is right.

Mr. Fulton: I know you must not have duplication. But if there is some doubt—and I have some—that the fisheries interests are getting on with this problem of research to the extent that they might or should, why does not the department here, which has a tremendous stake in power, say this: "All right; we will pursue some studies of our own, or if we cannot do it on our own we will make funds and facilities available for other research"?

While I think the British Columbia Power Corporation, which has a very direct interest in this whole development, is to be commended for the money it has made available to the University of British Columbia for the study, I do not think the industry which has such a great stake in the matter has gone any too far. I believe the sum was $50,000. I do not think that is in any way out of proportion on the plus side having regard to the interest which the company has in the problem. I think the fishing industry as well as the department, those interested in power development and government have an obligation to get on with this job of research into the reconciliation of these otherwise conflicting interests.

I should like to hear from the minister also whether, in his discussions with the premier of British Columbia which took place recently, any consideration was given to the setting up of a joint development authority for the Columbia river basin; whether the problem of who is to build the dam at Mica creek was discussed; and whether any mutually acceptable approach was worked out to the question of who will generate the power and where the power will be made available.

There is danger of another conflict of interests. Already the minister's colleague, namely the Minister of Fisheries, has said that he hopes all the power to be developed at Mica creek will be reserved for Vancouver and the lower mainland area. I do not know that it is altogether a proper thing for a federal minister to be saying to which part of a province power will be allocated. The interior of our province, which is rapidly developing—in the Kootenay area where the dam is to be situated and in my own part of the interior—has an industrial potential which most definitely will be in need of power.

I hope we are not going to have a situation where a federal minister is taking the position that only one area of British Columbia should be served by this tremendous project which is actually situated in the other area. It is another case where I think there should be consultation and co-operation, rather than that ministers should be rushing out and taking sides in a conflict over a development that has not even taken place. But since those statements have been made by the Minister of Fisheries I should like the minister of Northern Affairs and National Resources to tell us whether there were discussions with Mr. Bennett on the mutual development of this project, and as to whether there will be any mutual sharing of responsibility in the allocation of the results.

Mr. Lesage: Mr. Chairman, I do not know what declarations the Minister of Fisheries might have made as a citizen of British Columbia, but there is one thing that is sure. The only interest of this government as a government in this matter, and of myself, is to see to it that Canada gets the greatest amount of power possible from the development of the Columbia river. As far as the distribution of the power in the province of British Columbia is concerned, that is a matter exclusively under provincial jurisdiction; and I am not going to tell the premier of British Columbia how he should distribute the power in his own province. That is none of my business.

Mr. Fulton: Will you suggest to your colleague that he refrain from making these statements?

Mr. Lesage: Mr. Chairman, my colleague is a citizen of British Columbia and I suppose he has a right to express his opinion on provincial matters in British Columbia if he wishes to do so. I have expressed my opinion on Quebec matters, and I do not see why I should be prevented from doing so. Consequently, I do not see why the Minister of Fisheries, as a citizen of British Columbia, should be prevented from giving his own opinion on provincial matters in British Columbia.

Mr. Fulton: The Minister of Fisheries might not have any greater success.

Mr. Lesage: The provincial government is the provincial government, and I for one am not going to tell Premier Bennett how he should run his own business and how he should distribute the power in the province of British Columbia.

Mr. Fulton: The question was this. Were there discussions between the minister and the premier of British Columbia—

Mr. Lesage: Surely there were.

Mr. Fulton: —as to the co-operative steps that might be taken to further this development, not only with respect to the construction of the dam but with respect to the installation of power machinery? I am glad to have the minister's assurance, but I find it the more acceptable in that it seems to run counter to the attitude of his colleague the Minister of Fisheries.

Mr. Lesage: Oh, no. I met Mr. Bennett on July 4 in Victoria. After our meeting we issued a press release. As I said in the house on my return, we both agreed that we would not add one thing to that published statement. As I have pledged my word, I must keep it.

Mr. Herridge: Mr. Chairman, as one member who quite frankly will be glad to complete the business by the end of next week, I am going to be as brief as possible. But this is an important matter to my constituents.

I was very pleased to hear the minister reaffirm the government's decision to keep Canada's interests to the fore in the development of the Columbia. In that connection in view of the government's attitude and the attitude of the minister, of the Minister of Trade and Commerce and of General McNaughton, chairman of the international joint commission, with respect to the former proposal for the development of the Columbia, I think we can have every confidence as to the outcome of the discussions between the representatives of Canada and the United States.

I want to support what the hon. member for Kamloops said in respect to the considerable concern existing in the interior as to the possibility of this power being developed on the Columbia and being sent to the mainland area. We stand firm in the belief that the Kootenay's needs for power must be recognized, must be met and must be protected, but I think the minister is quite correct in saying that it is a subject that is under provincial jurisdiction, and so we shall have to keep our watchful eye on Mr. Bennett.

Mr. Green: May I ask the minister two questions in connection with this item? What is the position with regard to the proposed diversion of the upper waters of the Kootenay river into the headwaters of the Columbia river at Columbia lake? He has dealt this afternoon with the suggestion that there might be a diversion from the Columbia river to the Fraser river system, but I do not think he said anything about this other diversion in east Kootenay. Perhaps he might answer that question first.

Mr. Lesage: This is a possibility which is under study, with the whole question of

the development of the Columbia river, by the international joint commission and by our engineers.

Mr. Green: Is that proposed diversion actually being studied this year, or has it been given up?

Mr. Lesage: No, it is a part of the over-all study. We have not had the final report on the whole basin of the Columbia river. I believe the hon. member for Vancouver-Quadra might be interested to know how the studies are proceeding and how far we have reached, if I could give him the figures:

The mapping is 100 per cent completed;
River reconnaissance surveys, 100 per cent;
Dam site investigations, 95 per cent;
Flowage surveys, 75 per cent;
Irrigation surveys, 90 per cent;
Soil surveys, 100 per cent;
Other ancillary investigations and reports, 40 per cent;
Office studies, 60 per cent;
Design of works, 60 per cent.

Mr. Green: When is it expected that all these studies will be completed?

Mr. Lesage: In late 1958.

Mr. Green: The other question is this. Have there been any applications received for a licence under the provisions of the International River Improvements Act which was passed last year?

Mr. Lesage: Yes.

Mr. Green: What were the applications, and in what manner were they dealt with?

Mr. Lesage: Yes, but only for existing improvements, not for new developments; only for existing installations.

Mr. Green: Could we have a list of those?

Mr. Lesage: I could supply it to the hon. member. The assistant director of the water resources branch is with me now, and he will forward one to the hon. member.

Mr. Hahn: Am I to understand that the minister's statement that his only interest is in the distribution of power indicates that he is not interested in the conservation and preservation of the fishing industry?

Mr. Lesage: Oh, no, I have been completely misunderstood. I believe if my hon. friend reads what I have said in the context of the discussion he will find that that is not at all what I said.

Mr. Hahn: You did at one point say in connection with the resources that your only interest was in the distribution of power.

Mr. Lesage: No, I said the contrary. I said that in studying this question of water resources, particularly referring to the water resources of British Columbia and more particularly to the Columbia river basin, the interest of this federal government, and my interest as a member of this government in charge of the portfolio involved, was to see to it that we obtain the maximum power economically from the development of the Columbia river, but it was up to the provincial government to look after the distribution of the power in the province.

Mr. Hahn: I thought you did not feel that way about it, but that was the understanding I had when you made the statement. I have one other question. Is the minister aware that the publication called "Facts on Fish" issued by the fisheries association of British Columbia on August 16, 1955, had this to say:

> It has been established that changes in temperature in the waters of the spawning rivers has a direct effect on the survival of the fingerlings. To divert the waters of one river into another with the subsequent change in temperature could cause untold damage.

Could he just make a statement as to what has been done in connection with taking that into consideration?

Mr. Lesage: No, I have not read the article.

Mr. Fulton: When does the minister expect the report of the British Columbia Engineering company to be available?

Mr. Lesage: In as few months as possible.

Mr. Fulton: At the end of the year?

Mr. Lesage: I hope so. I hope to have it even before that, because I think it would be useful in our discussions with the Americans.

Mr. Fulton: Has any progress been made toward setting a date for that meeting with the Americans?

Mr. Lesage: No. We are in the summer now, and my hon. friend knows what is coming in the United States.

Mr. Fulton: I was wondering whether the minister felt that possibly for that reason it might be postponed until after November.

Mr. Lesage: It is possible that the official discussions will be after November, after the election in the United States.

Item agreed to.

305. Fraser river—federal expenditures in connection with investigations to be carried out by Fraser river board, $127,750.

Mr. Fulton: I should like to ask the minister to say a word on this item. This is a board that used to be under the Department of Public Works and has only fairly recently been transferred to this department, where

it has perhaps a more natural home than it had with the other department. I am hopeful that the vigour and interest which I am sure this minister will show toward this subject will produce some results in the near future. But what interests me here particularly is this. I should like him to make a brief report on the state of the investigations at present, the progress they have reached to date and the efforts being made to coordinate the studies of this board with the studies being made under the item we have just passed, because it seems to me that the two are very closely related, at least in so far as the diversion of the Columbia river is concerned.

Mr. Lesage: The study of the possible diversion is a pretty specific study, whilst the studies made by the Fraser river board are of a general nature. As a matter of fact these investigations are made to determine what developments for the control of the water and incidental resources of the Fraser river basin would be advisable, practicable and in the public interest, with particular reference to flood control and hydroelectric generation. It is the over-all picture, and the study has been made on pretty general grounds. I have received in the last week a letter from my provincial colleague who looks after the Fraser river board, Mr. Williston, the minister of lands and forests, asking me whether the board could obtain a further delay to produce its interim report. A letter was prepared by my assistant deputy minister for my signature, graciously saying yes, and I signed it.

Mr. Fulton: They put out a number of interim reports, I take it the minister is referring to the final report?

Mr. Lesage: No, an interim report; my memory is pretty clear on that. The request was for a delay to September 15.

Mr. Fulton: Would this board have any special interest? If so, can the minister tell me what studies have been carried on with respect to the Moran dam? That would normally be a provincial matter because it is above the junction of the Thompson and the Fraser, but it falls right within the terms of reference to this board to study the development of the Fraser river from the point of view of hydro development and flood control. I should like to know whether the board been giving any special consideration to the Moran dam, because I think it should.

Mr. Lesage: I am told by my officials that the possibility of there being a Moran dam is taken into account in the study the board is making of flood control.

Mr. Fulton: Will that be covered in the interim report?

Mr. Lesage: No, it would not be reported on specifically; it would be reported on only as part of the total reservoir that would be needed for flood control on the Fraser.

Mr. Fulton: Mr. Chairman, I am going to say something that I hope the minister will not take as applying to his departmental officials. I have had a great interest in the Fraser river basin, and I have felt for some time there was not sufficient interest in it down here. I am not sure that there is on the part of the government at Victoria, so it is probably a mutual blame if blame is to be attached. I say to the minister, it is a fascinating study. I know the minister is busy, but would he, between now and the time his estimates come up next year, just look into it. If he does I think he will find it is a matter which will arouse his interest and enthusiasm. I hope next year we shall be able to have a lengthy and informative discussion on the work of this board.

Item agreed to.

306. To provide for a contribution to the cost of constructing a dam on the Conestogo river near Glen Allan, Ontario, for the purposes of flood control and water conservation, in accordance with the terms of an agreement entered into between Canada and the province of Ontario, $750,000.

Mr. Hosking: Mr. Chairman, the hon. member for Oxford completed my case for me in a very able manner, but he misdirected his request. I live on the great watershed of the Grand river, on which this government has done a great deal of work. I think I should speak for a minute or two on this item.

It was almost 20 years ago that Dr. Hugh Templin, the editor of the Fergus *News Record,* started the campaign for control of flooding on the Grand river. As a result he persuaded the minister of works of the provincial government, Brigadier Colin Campbell, who was then a very prominent cabinet minister in Mitchell F. Hepburn's cabinet, to build the first of those control dams, and that was built in my riding just above Fergus. This worked out very successfully and prevented a great deal of the damage which was done annually in the towns of Fergus, Elora, the cities of Galt and Brantford, and on the outskirts of Waterloo and Kitchener.

It was an experiment. Because of that experiment there have been several others built since. The second one was built on the Grand river, in the marshes in Luther. The Luther marshes have been famous in our section of Ontario for a number of years. When I first heard of them the idea was to drain them so we would have more farm

land. Now all those drains have been flooded by the second dam built at Luther, and it has created possibly the greatest natural wildlife source in the province. I suppose there is more and better duck hunting in the Luther marshes, because of the work done there jointly by the provincial and federal governments, than anywhere else in Ontario. It is excellent hunting, and we are not depleting the wildlife of the country by shooting the wild fowl that come to the Luther marshes. It is an ideal nesting place, and more ducks are raised in the Luther marshes than are shot. It is not just a case of shooting off the ducks that fly in from the north to rest there on their way south.

The third project on the Grand river watershed has been started at Conestogo, so we have a very complete large dam project on the watershed of the Grand river. I would recommend to the minister that he now do exactly what the hon. member for Oxford suggested should be done, namely complete the control of this watershed.

There is a very good reason why this control should be completed. It is closer to completion than any other watershed control system that is being undertaken anywhere. We should complete the small dams that are waiting to be built on all the small tributaries leading into this watershed. There are two dams which should be built in Eramosa township, near Rochwood to protect Guelph, Hespeler and Preston. When these and some others are built, then we will have a good idea of the type of plan that should be arranged for the other various watersheds in the highly industrialized areas of Ontario.

This brings me to another point mentioned by the hon. member for Oxford, when he said the city of Guelph is short of water. Every city has a problem in finding water for drinking purposes. Guelph happens to be most fortunate in having good springs, and no doubt the flow of water in those springs is added to greatly by those control dams in the watershed close to them. The water table must obviously be raised because of those control dams, and that gives Guelph an excellent supply of spring water. Then they also have deep wells in Guelph to augment the supply of spring water. It is quite logical to say that those deep wells are supplied with water that is held in the ground by those control dams.

I say to the minister that if he is going to complete any watershed with control dams, the logical one is the Grand river watershed. This was promoted extensively by Dr. Hugh Templeton; and the present editor of the Elora *Express*, Mrs. Marsden, is now a member of the Grand river authority, and so is the former warden of the county of Wellington, Mr. Norman Williams. They are almost anxious that the project that has pioneered in these control dams be completed first. I could not agree more completely with the hon. member for Oxford in his request that you go ahead and finish this. Certainly the Grand river watershed is the one that has given leadership, and these people should be looked after who have done the spade work in this valuable field of flood control.

Mr. Hamilton (York West): Mr. Chairman, I think I might be allowed to ask this question here. Have any further representations been received from the Humber valley conservation authority since the new group was organized, dealing with an over-all plan for that area?

Mr. Lesage: No, I have not received anything since the original submission was withdrawn.

Mr. Hamilton (York West): In other words the minister is still waiting for a new submission to be made to the federal government?

Mr. Lesage: No, Mr. Chairman; I am not waiting for it.

Item agreed to.

Northern administration and lands branch—

307. Branch administration, $791,592.

Mr. Hamilton (York West): Mr. Chairman, perhaps I might be allowed to take one or two minutes in connection with this item. I think my remarks will relate to it.

Last evening I read a very interesting article which appeared in the Toronto *Evening Telegram* of that date, written by Mr. James M. Minifie. The title of the article is "And Now: The Ultimate Missile". Mr. Minifie was referring to material which apparently he had at his disposal in Washington in connection with the ICBM, the intercontinental ballistic missile, and he referred to the fact that giant strides were being made in connection with a counter missile that would require the very best and latest type of radar detection in order to be put to work.

In his article Mr. Minifie mentioned that minutes would be very vital in connection with the detection of the ICBM by the counter missile, and apparently the indications are that a new D.E.W. line will be required located 500 or 600 miles farther north than the one which is being constructed at the present time. I might read from this article

his reference to the fact that a new D.E.W. line would be required. Mr. Minifie says:

> Success in this fantastic project—

That is the development of a counter missile; those are my words, Mr. Chairman.

> —would have important repercussions in Canada. For one of the essentials would be another D.E.W. line, 500 or 600 miles farther north, running from Ellesmere island westward out over the Arctic ice. This sea area is regarded by Canada as Canadian territory on the sector principle by which eastern and western boundaries are carried northwards to the pole.
>
> The United States however does not recognize this principle, and might not concede Canada's claim if it were formally presented which has not yet been done.

The indication further on in the article is that the chief of research and development of the United States army, Lieutenant General James M. Gavin, is thinking of the same thing because he is quoted as saying:

> As we look ahead we see considerable pay-off in being able to put stations out on the polar ice cap to detect missiles early in their flight, perhaps detect them at the instant of take-off.
>
> The ability to live out there, to reinforce out there, to explore and patrol out there may be of great importance to us in the immediate future in fact.

Mr. Minifie goes on to say:

> Thus consideration is being given by the United States armed services to American military occupation of an area which Canada considers its own.

Mr. Chairman, the hon. member for Calgary North dealt with the over-all picture in the northern area, and the fact that there is considerable concern as to the continuation of at least the show of Canadian sovereignty in that area.

We now have an indication that a further step is being planned, and I do not think the hon. member for Calgary North referred to this. Here is a situation in which we are now informed that steps may be required to be taken in the foreseeable future by the country to the south of us in order to provide a form of continental defence for all of us which may bring into dispute two theories concerning the ownership of the polar ice cap north of the Canadian land mass. Mr. Minifie's article indicates that it might be wise to make plans here to ensure that when the time comes there will be no dispute concerning our claims to sovereignty in this area, and to establish it beyond any question of doubt.

I would ask the minister if any steps have been taken to consider this problem, if there have been any discussions between his department and any department in Washington or among his department and any other department of this government and Washington to deal with this particular problem? It seems to me there is no point in waiting until the horse is out of the barn before closing the door. If we are going to be faced with a new D.E.W. line situation our government should now be taking steps to ensure that there is no question about our sovereignty in this particular area. I think we all welcome assistance from the United States in terms of continental defence and it is absolutely essential that we receive it, but I do believe it should be under conditions which are acceptable to the mass of the Canadian people.

Mr. Lesage: To my knowledge, Mr. Chairman, no approach has been made by the United States government to the Canadian government for another defence line to the north of the D.E.W. line.

Mr. Hamilton (York West): Has there been any discussion of the principle of ownership of the ice cap north of the land area where, according to the indication in this article, we assert one principle and the United States asserts another?

Mr. Lesage: We have never subscribed to the sector theory in application to the ice. We are content that our sovereignty exists over all the Arctic islands. There is no doubt about it and there are no difficulties concerning it. Our sovereignty has never been endangered by the existence of the D.E.W. line. We have agreements with the United States and the facts are there to prove we have sovereignty over our northern territory. We have never upheld a general sector theory. To our mind the sea, be it frozen or in its natural liquid state, is the sea; and our sovereignty exists over the lands and over our territorial waters.

Mr. Hamilton (York West): Do I gather from the minister's answer that if the situation were reversed and it was Russia which intended to make use of this area for a warning line of some kind, we would not be concerned because that does not affect our principle of ownership?

Mr. Lesage: As far as we are aware, Russia has never claimed water or ice as being in the territory over which it has sovereignty. I have not heard that the United States wants to establish a line on the ice cap north of the islands of Canada because this area is the high sea, be it frozen or in liquid form. I suppose and I certainly hope that my hon. friend believes in the freedom of the high seas.

Mr. Hamilton (York West): I do not think there is any question about the freedom of the high seas. What I am requesting from the minister is an answer to a simple question. If we do not assert the sector principle which has been referred to in this article,

does that mean that we are quite satisfied to have any power occupy the polar ice cap north of our territory?

Mr. Lesage: The ice cap is in exactly the same situation as the Atlantic ocean; it is the high sea.

Mr. Hamilton (York West): The minister has not answered the question.

Mr. Lesage: The hon. member can answer it himself. I have indicated the principles. I do not have to apply them for you.

Mr. Harkness: I think the minister is evading the question. There is no use saying that the polar ice cap is the high seas because it is not. You cannot sail a ship over it or anything else. As he probably knows, permanent establishments have been erected on the ice cap in the way of landing fields, radar stations and so on. As the minister also probably knows, at the present time a big scramble is going on among half a dozen countries to establish sovereignty over various parts of the Antarctic ice cap.

Mr. Lesage: There is land there.

Mr. Harkness: Some of it is land.

Mr. Lesage: It is a continent.

Mr. Harkness: Nobody knows.

Mr. Lesage: That is the difference.

Mr. Harkness: Nobody knows. The minister says there is land, but nobody knows just how much is land. It is an ice cap; nevertheless nations are attempting to establish sovereignty over parts of that ice cap. As far as this Arctic ice cap is concerned, nobody knows how much of it is water and how much of it is land. I do not think it is good enough for the minister to evade this question by saying that these are the high seas. They are not. This is an ice cap upon which permanent installations have been established and supplied by air transport.

The Deputy Chairman: Shall the item carry?

Mr. Hamilton (York West): Is that all the answer we get?

Mr. Lesage: I do not know just what the hon. member wants to know. Do hon. members want to know what the ice cap is under international law? Do they want to know what the ice cap north of the Arctic islands is? My answer is very simple. It is the high sea in frozen form. The ordinary laws of the high sea apply to high seas whether they be in liquid or frozen form. That is the limit of my knowledge of international law on this. If my hon. friend knows more about it than I do I hope he will tell us what he knows.

[Mr. Hamilton (York West).]

Mr. Hamilton (York West): What the minister is saying in effect is that we have absolutely no plans for dealing with this area when in fact there is evidence of intention by someone else to make use of it. The hon. member for Calgary North has suggested that you cannot consider this as an ocean because planes are flying in that area right now.

Mr. Lesage: My hon. friend is a lawyer, and if he has studied his international law he should know that it is the ocean, that it is the high seas.

Mr. Hamilton (York West): The knowledge of any principle of international law has never prevented a war or a dispute over a territory like this. The asserting of a principle as the minister is doing now is not going to prevent an unfriendly power making use of this area unless we do something about it. If I accept the answer of the minister it is that as long as there is a friendly power going to come along and do something for us we will talk—

Mr. Lesage: Mr. Chairman, on a point of order, I never said what the hon. member is saying I said. He has said that. It is he who talks about a friendly power occupying the ice cap north of the Arctic islands. I never said that at all.

Mr. Hamilton (York West): What I said, and I repeat, is that from the answer the minister has given the only conclusion we can come to, whether or not he likes it, is that that is the case. I repeat that there is no plan. There may be a legal principle which the minister is asserting and in so far as it relates to a friendly country that is wonderful and we can sit back and do nothing, but it certainly is not a principle that is going to do us any good if there is an indication that an unfriendly power is going to make use of this area. I agree with what the hon. member for Calgary North has said, that anyone who has travelled in the Northwest Territories and the Yukon and the far north realizes that these places are not far out of touch with the rest of the country. As a matter of fact, with the development of the longer range planes we are going to have criss-crossing traffic by intercontinental planes. This is going to become a very important area. What I am suggesting to the minister is that we do not rely on some theory of international law, but that we prepare for the time when someone unfriendly to us may assert a right.

Mr. Lesage: Could I ask the hon. member what he suggests we should do with the ice cap?

Mr. Hamilton (York West): I am suggesting right now that as a first step, if there is an indication from the United States that they are intending to make—

Mr. Lesage: No.

Mr. Hamilton (York West): There is an indication in this article, and had the minister been listening he would probably know more about it.

Mr. Lesage: I was listening, but I do not rely on articles.

Mr. Hamilton (York West): There is an indication that this area may be considered vital by a friendly power to assist in transcontinental defence.

Mr. Lesage: That is an opinion.

Mr. Hamilton (York West): On the basis of that information we should prepare for that day by asserting our own rights over this area and ensuring that any protective stations or even aggressive stations that may be required shall come within the orbit of power of this country, not within that of an unfriendly country. Unless we assert those principles it may soon be too late.

Mr. Harkness: The minister just asked the hon. member for York West what he would suggest should be done. I suggest that we assert the sector principle. As a matter of fact there is a publication put out by the Canadian government where that has already been asserted. I brought up this question of sovereignty over these northern areas and the ice cap about two years ago, and at that time I was told that there was no question in anybody's mind in regard to our sovereignty over all that area extending right up to the north pole. I hold in my hand a book entitled "Boundaries of Canada" put out by the Department of Mines and Technical Surveys. Right at the front of the book is an outline map which shows the boundary of Canada running up to the north pole straight along the degree of latitude which separates the Yukon Territory from Alaska. That is shown on the map as the boundary.

Mr. Lesage: It is not the boundary.

Mr. Harkness: Then it shows the boundary coming down from there in a somewhat wavy way to what would be the northwest corner of Labrador. There is a more detailed map at page 42.

The Chairman: Order. It being five o'clock the house will proceed to the consideration of public bills.

Progress reported.

PRIVATE BILLS

Mr. Deputy Speaker: Is it the intention to proceed with one or more of the public bills, or is it agreed that they shall all stand?

Mr. Harris: I have been informed that they will all stand.

Mr. Deputy Speaker: Is it agreed that all public bills shall stand?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The items under public bills having been exhausted, the house will resume the business which was interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Northern administration and lands branch—

307. Branch administration, $791,592.

Mr. Harkness: Mr. Chairman, I was just pointing out that at page 42 there is another more detailed map, and it shows the same thing. It shows the boundary running right up to the north pole along the longitude separating Alaska and the Yukon, and then coming back down again between our northern islands and Greenland and then down to the tip of Labrador. I do not think there is any question that the Canadian government, in the making of its maps and so forth, has tacitly at least given adherence to the sector theory of the possession of this northern area. I think the minister is in error when he says the Canadian government has not adopted that theory and that it has been more or less taken for granted.

Some two years ago I raised this matter in connection with an ice island, I think it was, which some Soviet scientists were occupying and which was floating around up in this northern area. I wanted to know at that time what the situation was, whether Canada exercised any sovereignty over it and so on, and at that time no question was raised as to Canada's sovereignty over this sector extending right up to the north pole. From what the minister has said today, apparently without saying anything to anybody the government is going to abandon that theory altogether and thus perhaps put us in a very awkward position as far as bargaining with any foreign power is concerned.

As the hon. member for York West has pointed out, if the Americans want to put radar stations there we will be delighted and have no objection to it, but if the Russians or somebody else wanted to do the same

thing it would be a totally different matter. In order to protect ourselves I think we should certainly return to what I have always understood was our theory of sovereignty there, the sector theory, and assert our sovereignty over that sector extending up to the north pole as, indeed, it is shown on both maps in this publication on the boundaries of Canada by the Department of Mines and Technical Surveys.

Furthermore, before the minister makes the statement that we do not claim any sovereignty over that area, I think he should consult the Minister of Mines and Technical Surveys under whose authority these maps are issued and also the Prime Minister, the Secretary of State for External Affairs and the other members of the government.

Mr. Lesage: I do not need to consult with my colleagues, because the government of Canada has never adhered to the general sector theory.

Mr. Harkness: May I ask the minister, then, why maps are put out showing this as Canadian territory?

Mr. Lesage: If I am given time I will tell you. In 1903 these lines were put on the maps of Canada for the first time. It was not to show the boundaries of Canada. It was to show the lines within which the lands and the territorial waters around those lands were claimed by Canada, because at that time and for a number of years afterwards many of the islands of the Arctic had not been discovered and it was not known what islands might exist in the interior of that sector.

Our claim since 1903 has been to all the land within these lines, but we have never adhered to a broader sector theory. If you adhere to the general sector theory you claim that you have sovereignty over waters beyond your territorial waters. We have never done that. It is said that because it is ice we might claim sovereignty over it, but the ice is moving all the time. It is never the same ice. Do you believe that any country in the world would recognize our sovereignty over the air space above this water in its liquid or frozen form? If you claim sovereignty over a piece of land or your territorial waters, you also have sovereignty over the air space above that land and territorial waters. Other countries would never recognize our sovereignty over these high seas, be they in liquid or frozen form, and which in the frozen form are moving all the time.

That is the law. That is what the position of the Canadian government has been all the time. I do not need to consult my colleagues, but I believe the member for Calgary North would have done well if he had consulted someone before asserting the things he has asserted without knowing what he was talking about.

Mr. Harkness: The minister has not explained why all the maps show it in that way. I only mentioned two of them but there are a dozen more.

Mr. Lesage: I just said that.

Mr. Harkness: You did not explain why all these maps show that area as part of Canada. Here is one found on page 112 of Geographical Regions of Canada. The whole area from the north pole down to the Mackenzie area and from there over to Labrador is shown as the Arctic area, and it goes right up to the north pole. Every other map in the book shows the same thing.

Mr. Hamilton (York West): I think what we have seen here is an example of an assertion of a principle established over a period of years which, if allowed to continue in a laissez-faire manner, will result in our being confronted with a very serious situation. The minister has said that no country would recognize the assertion of our sovereignty in this particular instance. I say to the minister that with conditions changing, with the present use of air transport in the northern areas, and the fact that an ice cap of this kind may be very useful for detection purposes in warfare and even useful for emergency landings of civil air transports, it is time we as one of the major northern powers took steps to ensure that this type of sovereignty is recognized. If we do not, we will be left with no alternative if an unfriendly power steps in and says it is going to make use of the ice cap for offensive purposes.

Mr. Lesage: It is not an ice cap. This is floating ice which is moving all the time. Any establishment that you might put on that ice could not last for very long. It could not be permanent because the ice is melting, floating and breaking all the time. This is not an ice cap like the ice cap of Greenland. This is ice floating on water.

Mr. Zaplitny: On the 22nd of June last the hon. member for Brandon-Souris and myself raised a question with regard to Mr. Fontana of Virden, Manitoba, and his claim for redress for certain mineral rights which were taken into the ownership of the crown. At

that time the Minister of Finance, who was leading the house said, as found at page 5314 of *Hansard*:

> I can assure hon. members, in particular the hon. member for Brandon-Souris and the hon. member for Dauphin, who have spoken on one particular matter, that it will receive serious consideration and an answer will be given at the appropriate time.

I understand this is the appropriate time. I know that very serious consideration has been given, and we are anxiously waiting for the minister to inform the committee that the government, in its wisdom and generosity, has decided to accede to the request of Mr. Fontana.

Mr. Lesage: Mr. Chairman, I believe I am ready to reply to the pleas made by the member for Brandon-Souris and the member for Dauphin when they spoke in the house some weeks ago. The land, 320 acres, owned by Mr. Fontana was required for an airport near the town of Virden in Manitoba for the purposes of the commonwealth air training scheme. The land department of the Canadian National Railways acted as agents for the government in acquiring the land.

In August, 1940, an agent of the company interviewed Mr. Fontana and obtained an option dated August 7, 1940, signed by him and his wife, agreeing to sell the land for $9,000. There were no exceptions mentioned in the written documents. In recommending the acceptance of the offer to his superiors at Winnipeg, the agent expressed the view that while the assessed value of the land was only $5,900—that was $5,200 for the land and $700 for the building—the price asked by Mr. Fontana was not unreasonable.

Although the Department of Transport filed a plan of expropriation on November 2, 1940, there is nothing on the files of the railway company to indicate that when Fontana agreed to the price three months before, there had been any threat of compulsory taking or that he was influenced by it.

Following the signing of the option, the completion of the transaction was handled by the company's lawyers at Winnipeg, who dealt with Mr. J. Pritchard, a lawyer at Virden who acted for Mr. Fontana. Some delay occurred because part of the land was registered in the name of a third party from whom he had purchased, and with the consent of Fontana some of the purchase moneys had to be paid to him. When these difficulties had been arranged, Fontana executed a transfer under the real property act in favour of His Majesty. This transfer was prepared in the office of Mr. Pritchard and signed by Mr. Fontana in his presence on November 6, 1940. The transfer covered the complete interest of Mr. Fontana and contained no reservations.

I have inquired about the matter. I know that in the province of Quebec, according to our civil law—and I am told by the lawyers I have consulted that the situation is the same under the common law—whenever you purchase land, you purchase the land—and I am translating word for word the expression in the civil code—with what is under and what is above unless something either under or above is excepted. When you purchase land and there is no reservation you purchase the land with everything which is under and everything which is above.

The transfer was registered and the certificate or title was issued in favour of His Majesty for the land, including the mineral rights. Of course it included the mineral rights because they were not excepted. The balance of the purchase moneys to which Fontana was entitled was then sent to his solicitor, who acknowledged them on December 14, 1940. I believe it is worth quoting the receipt. It reads as follows:

> Re Virden Airport—August Fontana
> Your reference 22-302-34-B
>
> This will acknowledge receipt of your letter herein of the 13th instant, inclosing cheque in favour of August Fontana for the sum of $3,694 in full settlement of all his claims in the above connection, and for which kindly accept my thanks.
>
> J. Pritchard.

It was not until March, 1954—that is to say nearly 15 years later—that Mr. Fontana, through his solicitor, made a claim for the mineral rights. This was some time after oil had been discovered in the Virden district. In view of the claim made by Mr. Fontana, the question of the title to the mines and minerals was referred to the justice department which expressed the opinion that Fontana had no claim in law for their return.

Mr. Fontana and the person from whom the adjoining section, which was needed to make up the airport, had been acquired, each filed a petition in the exchequer court claiming that they had not been compensated for the minerals, that it was not the intention of the crown to acquire them, and that they should be held in trust for the petitioners. Motions were made by the crown to strike out both petitions on the ground that they were frivolous and vexatious. The court granted the orders. Fontana appealed to the supreme court but his appeal was dismissed.

The applications to the exchequer court and the supreme court were both made on the ground that, assuming the allegations in the petition were correct, there was no arguable cause of action. The courts agreed with that view. The legal ownership of the mineral rights has therefore been finally determined. It should also be mentioned that nearly all

the grounds upon which the present petition is based were contained in the material before the two courts.

Notwithstanding the decision of the courts Mr. Fontana, through his solicitor, filed another petition addressed to His Excellency the Governor General and to me, claiming practically the same relief. The cabinet has studied the petition very carefully and has rejected it because there were no grounds at all for it.

The only thing I want to add is this, and I shall be very brief. Some reference has been made to the Crichel Down case by one or even two hon. members. They have mentioned Crichel Down as being the name of a man. May I say it is not the name of a man; it is the name of a place in the United Kingdom or a locality in the United Kingdom. The case that was dealt with in the British House of Commons was as follows. The land was owned or leased by several persons all of whom died before the matter was discussed in the British house. Some of the executors laid claim to the property but it was never given back to them, because it had already been leased to an outsider and what had been done could not be undone.

The facts of the Crichel Down case are not similar. In that case the land was no longer required for government purposes. In our case it is still required for government purposes because the Department of Transport still owns and operates the Virden airport. Instead of accepting offers from the previous owners to buy the land back, it was rented to an outsider as a single unit. The previous owners in the British case were not even given a chance to tender. In this case this department publicly advertised the mineral rights for sale. Mr. Fontana had a right to tender and could do so. That was not the case in the British case. It is completely different.

In the Fontana case it is asked that the mineral rights revert to the owner. This was never done in the English case. It was never suggested by anyone in the English case that they would not have to pay the going price when it was resold to them. The view was expressed in the English case that the normal practice would have been to have the tenancy offered for public tender, just as the oil rights in our case have been offered. As a matter of fact, what was contended by the majority of the critics in the Crichel Down case is exactly what we have done here in putting up for public tender the oil rights under the Virden airport.

Mr. Dinsdale: I am glad to have the reply of the minister with regard to this important matter. I anticipated that the reply would be couched in legal terms, and that has fairly well been the case in the argument of the minister here this afternoon. Harking back to my first presentation of this case on June 22 last, may I say that at that time I stressed the factor of moral obligation with regard to this particular matter of public business. At that time I outlined the three grounds upon which Mr. Fontana had a reasonable claim against the crown.

First of all, he lost his mineral rights by a mere accident of conveyancing. I understand that is a term that has some legal significance. He was asked to surrender his land for wartime purposes and this he did; and by the legal process of conveyancing, unbeknown to Mr. Fontana, he also lost the underground rights. I think that is the first point that is significant in this case.

In the second place, it is quite obvious that when the crown—through Mr. Johnston, working in the C.N.R. lands branch—approached Mr. Fontana, the mineral rights were not required. The surface rights only were required for the purpose of establishing an air training field under the commonwealth airtraining scheme.

Third, Mr. Fontana was never compensated in any shape or form for other than the surface rights. He received the sum of $9,000 for the land, and that was merely for surface rights. The minerals, according to the statement of Mr. Johnston, who carried out the transaction on behalf of the government, were not in question. We have a letter from Mr. Johnston, dated December 6, 1955, in which he says:

> At that time mineral rights were not considered of any particular value and were not a factor in arriving at a valuation for the acreage. Some mention was made of sand and gravel and, to the best of my recollection, Mr. Fontana had promised delivery of some sand or gravel and it was suggested he had better remove same before acceptance of his offer to sell by the crown.

In other words Mr. Johnston, who carried out the negotiations with Mr. Fontana, acknowledges that the evaluation of minerals was not a consideration at the time. So on the basis of these three factors I submit that there is strong moral obligation involved in the case.

There are some legal rights as well, the minister in his reply has suggested that the matter was considered by the courts, both the exchequer court and the Supreme Court of Canada. However, from the evidence in the return tabled on June 25, return No. 243, it is quite clear that at no time were the merits of the case reviewed by either of those courts; rather it was the petition of the crown to have the appeal to the courts struck out that was considered. The motion by the crown

was to the effect that this appeal was vexatious and frivolous, and it was on those grounds that the courts turned down the appeal.

I think there is an important principle at stake in this regard. It is obvious that even in democratic countries power is passing from the courts to the departments of government at an alarming rate, and I feel that this is a principle that arises in this instance. If this had been a private transaction between two private citizens there would have been no way of keeping Mr. Fontana from having the merits of his case considered in the courts, but because the crown was involved this was not possible.

There is also the opinion of legal counsel in this instance. There have been three reputable lawyers involved, as I read through the return, in this case.

An hon. Member: They all are.

Mr. Dinsdale: I hear somebody say, "All lawyers are reputable", and perhaps the use of the word is unnecessary. I shall substitute "outstanding lawyers".

An hon. Member: That is better.

Mr. Dinsdale: Three outstanding lawyers were involved in the case; Mr. Harold Riley, Q.C., of Calgary; Mr. E. W. Gerrand, Q.C., of Regina; and Mr. William R. Appleby, of Winnipeg. I understand that all these men are devoted to the cause of pure Liberalism, and I think that it is from that standpoint that they have reviewed the merits of this case. I believe the men in question will be well known to the minister. In the various presentations they have made to the cabinet they have stressed the legal aspects of the Fontana appeal, particularly the justice of the case. I think I shall just quote one paragraph from a communication that was directed to the Minister of Justice in this regard on May 11, 1955, over the signature of Mr. William R. Appleby. The final paragraph says:

> I am writing this letter to you in order that I may request your earnest and serious consideration to a very important problem, one which, in my opinion, concerns itself with the very basic principles of government. This certainly is exemplified through the Crichel Down debate in the English House of Commons. May I respectfully suggest that the proper answer to this question is to re-vest the mineral rights in Fontana, pursuant to section 24 of the Expropriation Act. If this were done, I believe that the basic principles of equity and justice according to our law, would be served.
>
> Yours very truly,
> (sgd) W. R. Appleby.

The other legal advisers have written in similar vein to Mr. Appleby's letter. I shall not take the time of the house to quote further from their letters, but I must refer briefly to the reference made by the minister to the Crichel Down case. I must admit that at the time, that is June 22, I did not have comprehensive knowledge of this particular case which was thoroughly discussed in the British House of Commons as well as by the public generally. I got my information from the *Canadian Liberal*, volume 7, No. 2, Summer 1954, and I am afraid that I was led up the garden path in reading this *Canadian Liberal*, because it was merely a passing reference—

An hon. Member: Up the Gardiner path.

Mr. Dinsdale: —it was merely a passing reference. I have since had access to the House of Commons debate on the question, and I see my error. However, the paragraph that aroused my interest is on page 139 of this magazine, and it says:

> No statesman or politician who relies for the maintenance of his position upon the support of a great party can ignore its beliefs and passions.

I should explain that this is a discussion of political affairs in the United Kingdom. Continuing the quotation:

> Sir Winston has himself been bound to a certain extent, but his standing in the country and the world has been great enough to secure for him exceptional freedom as leader of the Conservative party. I believe that the party will try to re-assert its hold over Sir Winston's successor. It has in fact already begun to be assertive. As the period of war-time control grows more distant, the Conservative dislike of state intervention emerges more clearly. Nothing in recent months has angered the Conservatives more than the discovery that their own government refused to sell back to private individuals some farm land which had been compulsorily acquired by the air ministry in 1937 as a bombing range but is no longer wanted for that purpose. This land, the Crichel Down estate, has been acquired by a state organization, the commissioners of crown lands. Former owners were given no chance to bid for their old property.

In brackets at the end of this quotation there is the editorial note:

> The Conservative Minister of Agriculture, Sir Thomas Dugdale, who had jurisdiction over crown lands, has since resigned from the cabinet.

That was my original source of information on this case and I still maintain, after reading the parliamentary debates thoroughly, that it has a close bearing on the case that we have under consideration in this house.

The minister has referred to the long period of delay, between 1940 and 1954. In the case of Crichel Down, the delay was from 1937 to 1954. Of course the time element has no bearing on the justice of the case involved. Also, the discussion in the British house largely emphasized the increasing powers of government and ministers of the crown over the rights of the individual. As you read the debate you find that member

after member who participated—it was a long and extensive debate in the House of Commons—emphasized the fact that governments should lean over backwards to assure that the privileges of private citizens should be recognized in instances of this kind.

I am not going to deal further with the Crichel Down case. I thought I would make passing reference to it in view of the minister's observations. There is also this further fact. Most provincial governments have recognized the rights of private citizens in these matters. The minister referred to the situation in the province of Quebec. In the province of Manitoba, on the other hand, the provincial government has now taken the stand, after severe public criticism, that in cases of land expropriation for crown purposes the expropriation would not include the mineral rights. The Manitoba government has gone even farther in this matter and has returned the mineral rights on several parcels of land that were expropriated for rights of way for highways, and so forth. They did so because they could see there was a moral as well as a legal obligation involved in transactions between private citizens and governments in cases of this kind.

Then we have the petition of over 200 citizens of this area intimately in touch with the situation, who had a meeting to consider all the facts. They submitted a petition to the government, which has been placed in the hands of all members of this house. They recognize as private citizens that there is a violation of the rights of the individual citizen, and there is a violation of the elementary justice that we should expect from a democratic government.

Consider the position of Mr. Fontana himself. He is a man well advanced in years. He is an immigrant from Italy who came to Canada in pursuit of the wider opportunities of the new world. He worked hard in railway construction gangs, and in very heavy labour of that kind, to accumulate enough money to buy this parcel of land. He passed through the period of the dirty thirties, and by 1940 he was slowly getting back on his feet again. The government came along and asked that he transfer the land to the crown for defence purposes.

The minister raised the point this afternoon that expropriation action as such was never completely carried out. That was only because of Mr. Fontana's patriotism. He was only too willing to allow this land to be used for defence purposes. Unfortunately Mr. Fontana, a typical representative of that generation of immigrants, was not literate. He came to Canada and was one of the pioneers of the Virden district. He worked long and hard to establish himself in our Canadian economy; and it is largely on the basis of the blood, sweat and tears of this generation that we today enjoy the privileges and the prosperity that are ours.

He was not aware of the legal niceties of this expropriation procedure. All he could see was the opportunity of expressing his gratitude for the privileges Canada had granted to him and his family as a naturalized citizen here. Both he and his wife had to sign the documents with an X; but we have the confirmation of Mr. Johnston, who carried out the negotiations, that while Mr. Fontana did not inquire about minerals Mr. Johnston himself, because of the inquiry concerning the gravel, assured him that minerals were not involved.

I pursue this subject this afternoon, Mr. Chairman, because I feel it is a case of a further invasion of the rights of private citizens by big government. We cannot compare this with a transaction that would take place between private citizen and private citizen. This is a transaction that took place during the exigencies of war between the government and a private citizen. During wartime we all had to make sacrifices of personal liberty, those who served in the armed forces as well as those who stayed behind to support the home front, but we did not expect that the violation of the liberties and the freedoms—

Mr. Hosking: Carried.

Mr. Dinsdale: I hear somebody across the way repeatedly say "carried". I think it is the hon. member for Wellington South. If he is not interested in the rights of a citizen of Canada—

Mr. Lesage: There are no rights.

Mr. Howe (Port Arthur): Has my hon. friend no confidence in the courts of Canada?

Mr. Dinsdale: The merits of this case have never been heard in the courts of Canada, merely the motion—

Mr. Lesage: The courts said it was frivolous.

Mr. Dinsdale: —merely the motion that it be stricken out as frivolous and vexatious.

Mr. Lesage: That is what it was. That is the decision.

Mr. Dinsdale: But let me carry on, notwithstanding the noise from the ministers and the backbenchers opposite. Let me conclude the point I started to make.

Mr. Richardson: On a point of order, I dissociate myself from the reference to the backbenchers, but I now seriously question

the chairman as to whether the hon. member who spoke last evening on one vote, namely, 294, is really in order now in speaking for such a long time on this matter on the present vote under consideration?

Mr. Dinsdale: I spoke on the first item last evening, sir.

Mr. Byrne: Are you repeating your speech.

Mr. Lesage: You are repeating your speech.

Mr. Dinsdale: The first item allows an hon. member the opportunity to discuss policy. In view of the fact that the minister has spoken on this item I think I should have the opportunity to reply.

Mr. Dickey: It is the third time you have made the same speech.

Mr. Dinsdale: There are one or two interesting additional items that I should like to bring to the attention of the senior member for Halifax.

Mr. Hamilton (Notre Dame de Grace): It takes a long time to get the point across.

Mr. Dinsdale: Obviously it takes hon. members opposite a long time to get the point. I am surprised that hon. members opposite, who are nominally Liberals, are not willing to listen to the presentation of a case which has been supported by three Liberal lawyers in this country as having a bearing on the fundamental rights of an individual citizen. If the rights of a private member in this house are to be denied by the government backbenchers, I think parliamentary democracy has descended to a very low level. I am trying to present the reason—

Mr. Howe (Port Arthur): Just Conservative backbenchers, that is all.

Mr. Dinsdale: I would suggest there is no noise at all coming from the backbenchers of the opposition. All the noise is coming from the back benches on the government side of the house. I am speaking on behalf of over 200 citizens who have presented a petition to every hon. member of this house.

Mr. Goode: No, you are not; you are just speaking for one of your constituents.

Mr. Dinsdale: They have presented a petition to this house.

Mr. Goode: The hon. member has tried my patience too far.

Some hon. Members: That is too bad.

Mr. Dinsdale: I would suggest that the hon. member—

Mr. Small: —pick up his marbles and go home.

An hon. Member: He has no marbles.

Mr. Dinsdale: —read the Crichel Down debate which took place in the British House of Commons. It occupied almost a day and it was on a point as simple as the one we have before this house, as is suggested by some hon. members; the point of the fundamental rights of a private citizen. I think that is deserving of even greater consideration than the rights of an overwhelmingly powerful government. However, let us carry on with the discussion.

An hon. Member: Yes, let us get on with it.

Mr. Dinsdale: Under the Expropriation Act, in cases of expropriation the person affected, as I read the act and have had it interpreted to me, should be left as nearly as possible in the same position as his neighbours. This being so, Mr. Fontana should be restored to a position of equality with his neighbours who are enjoying their rights because their lands were never required for war purposes. It might be argued that this establishes an unfortunate precedent, but if that is the case I would say it is a good precedent, because justice, freedom and liberty have already been damaged to a considerable extent in this country.

We have moved far along the road of arbitrary government action. Perhaps in view of the comments we have heard during this discussion this afternoon I might urge the supporters of the government and the people of Canada to appeal to the Prime Minister that justice in this instance might prevail.

Mr. Zaplitny: I would like to ask the minister one question. In his remarks a few moments ago he mentioned that the mineral rights have been offered for public tender in this case.

Mr. Lesage: Yes.

Mr. Zaplitny: I wonder if the minister could state just when this was done?

Mr. Lesage: Sometime in 1955; I do not recall the exact date.

Mr. Zaplitny: May I ask what were the results of that offer?

Mr. Lesage: The highest tenderer tendered for $200,000, but it was not only for the minerals on the property about which the hon. members have been talking. There was also an adjoining property of the same size.

Mr. Zaplitny: The reason I ask that question is because I think the very reply the minister has just given pretty well takes the rug out from under his feet so far as the argument he has been using in reply to the representations we are making is concerned.

The minister rested his case largely on the fact that the government is justified in the attitude it is taking because of the fact that after the minerals contained in that property were found to be valuable they were offered for public auction, and that Mr. Fontana had the same opportunity to bid—I think I am using the words of the minister—as had anyone else for these mineral rights.

Mr. Lesage: Sure.

Mr. Zaplitny: We have to be practical, of course, as well as technical. The minister knows as well as I and as well as the hon. member for Brandon-Souris that Mr. Fontana would stand no chance whatever in attempting to bid for mineral rights in competition with Imperial Oil, British American Oil, Gulf Oil and all the other friends of the government.

Mr. Lesage: What if you had purchased the land?

Mr. Howe (Port Arthur): Would you have given Fontana $200,000 15 years later?

Mr. Zaplitny: Mr. Chairman, if we could break that duet down to a solo I would be able to answer the questions. There are two hon. gentlemen speaking and I cannot hear either one.

Mr. Lesage: What if you had purchased the land; what would you do?

Mr. Zaplitny: If I had sold the land to whom?

Mr. Lesage: If you had purchased the land from Mr. Fontana 15 years ago would you feel obligated to give him $200,000 or to give him his mineral rights? I am sure you would not. You would keep them as any man in Canada who has purchased property when there was no reservation of the mineral rights has done in the past.

Mr. Hamilton (York West): That is not a forced deal. It is the same thing; sure it is.

Mr. Lesage: There was no forced sale. You are proving to me this afternoon that you are a very poor lawyer, Hamilton.

Mr. Pearkes: Don't be personal, now. This is supposed to be a House of Commons; don't bring personalities into it.

Mr. Hamilton (York West): Mr. Chairman, I am very glad that the minister—

Mr. Zaplitny: If the legal talent will hire themselves a hall they can argue this out, and I shall continue to speak in the meantime.

What the minister has just said throws much light on the question. He asked me if I or any private individual for that matter were to purchase that land and a grievance was raised 15 years later, I would be inclined to take the mineral rights into consideration. What the minister seems to forget is that this is not the case of one private individual purchasing from another. This is a case where the government approached a private individual and at first threatened expropriation. The government found later that it was not necessary to go through with the expropriation, and it purchased the property for an airport which was used for war purposes. When the war was over the property was no longer required for that purpose.

I think the minister was not quite accurate when he said the government still operates this airport. As a matter of fact it is not operated any longer by the government, but was leased to the town of Virden, I do not know under whose jurisdiction. I am informed it is now used by a flying club.

The situation is this. Here is the government of this country that obtained this property for the purpose of using it in the war effort and with no thought in mind at all of gaining anything other than the use of the surface of that land. The government did not have in mind gaining the mineral rights in that property, and the government admits even now that it had no such thought in mind. It so happens that the government obtained valuable mineral property from an immigrant who could not read or write, and now the government turns around and uses a technical argument to say that Mr. Fontana has no claim.

An hon. Member: Shame.

Mr. Zaplitny: The reason I mention this is because it is not so long ago—only a year ago, in fact—that I had occasion, as did other hon. members, to raise the question of certain tax remissions made to certain corporations in the province of Quebec which involved several million dollars.

The minister raised the question, as did some of his legal supporters on his side of the house, that after all the Fontana case went to the supreme court and the court ruled that Mr. Fontana had no possibility of a claim. The matter I have just mentioned also went to the Exchequer Court of Canada, and the exchequer court ruled quite clearly that these corporations were liable for the taxation that had been imposed on them. They were ordered to pay and they did so. What did this government do then? It turned around and refunded half the money to the corporations after the exchequer court ruled in favour of the crown. It did that under the Financial Administration Act, which permits the government to do that if it is in the public interest.

On one or two occasions the Minister of National Revenue attempted to prove that the government was justified in doing this and that it was done in the public interest. He never did prove this to my satisfaction nor to the satisfaction, I think, of the taxpayers of this country; but this is an indication of the difference between the way in which the government leans over backwards to accommodate these huge corporations which are in a position to finance the Liberal party during elections, as compared with the attitude the government adopts toward a private individual, in this case a man who did not even have the advantage of education. He came here to Canada as an immigrant and served the interests of this country, and because of an inadvertence the government has obtained certain valuable property which they neither sought to obtain nor expected to get. In effect they received an unearned increment which they are not willing to share with this individual.

It has been said before that in this country there is one law for the rich and one law for the poor, and certainly the actions of the government in these two cases has done a great deal to confirm that view. I think the government would be well advised if instead of using these legal arguments and technicalities they took the humane view and shared this wealth which has been discovered with this poor man who parted with it through inadvertence, or through a technical error on the part of his legal counsel. In that way the government would indicate that they are willing to lend an ear and open their minds and hearts to the poor individual as well as the large corporations in this country.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, to come back to the item we were discussing a little while ago, the question of sovereignty over the northern areas, the minister indicated that Canada has not been a supporter of the sector theory. Would he explain to us what the attitude would be in the case of new lands which might be discovered north of these islands by another nation as a result of its explorations?

Mr. Lesage: I have explained the reasons for the lines which have appeared on the maps of Canada since 1903. The claim is made to all discovered or undiscovered land which exists within those lines drawn on Canadian maps. I am assured by my deputy minister, who is quite an expert in territorial waters and waters generally, that there are no new lands to be discovered.

Mr. Hamilton (Notre Dame de Grace): Are we to assume from this that Canada makes no claim whatsoever to the waters in that area or to a measure of sovereignty and control over those waters?

Mr. Lesage: We claim our territorial waters.

Mr. Hamilton (Notre Dame de Grace): I am not going to document this at great length, although it could be done very appropriately. I would point out to the minister at this time that he is putting forth a most dangerous proposition. This publication by the Department of Mines and Technical Surveys points out:

> —the presence of the sector boundaries on official maps almost implies a claim to the "high seas" forming part of the Arctic ocean, over which it has always been presumed that it is impossible for national sovereignty to exist.

Mr. Leboe: Should not this matter be dealt with by the Department of External Affairs rather than this department?

An hon. Member: Quite right.

Mr. Lesage: That is all right; I do not quarrel with that.

Mr. Hamilton (Notre Dame de Grace): This publication of the Department of Mines and Technical Surveys definitely suggests the presumption that by drawing these lines these rights exist. Then at page 48 reference is made to Senator Poirier's sector. He was the man who first expounded the sector theory. I quote:

> Senator Poirier's "sector", therefore, still remains in an indefinite official state, but it has recently come to take on added meaning with the possibility that large areas of sea ice may be used as airfields. If this becomes a reality, then the question of sovereignty over the ice in "Poirier's sector" will no doubt have to be examined, for it will have some of the aspects and uses of dry land.

With the time at our disposal it is regrettable that we cannot really hammer out this thing, because it is in the interests of Canada and the national defence of Canada. The minister's assumption that any country can come in and establish air bases and other defence efforts immediately north of Canada and south of the north pole flows directly—

Mr. Lesage: I did not admit anything; I gave the legal position.

Mr. Hamilton (Notre Dame de Grace): That is one of the most dangerous propositions that has been expounded in this house for a long time.

Mr. Lesage: You do not know what you are talking about.

Mr. Harkness: The minister casts doubt on the assertion I made some time ago that we had never made any claim to this northern sector.

Mr. Lesage: To the water and ice in the sector.

Mr. Harkness: At page 43 of this same publication put out by the Department of Mines and Technical Surveys we find this:

> The polar claims do not appear to have been officially stated in public until June 1925, when the minister of the interior stated, on several occasions, during debates in the House of Commons, that Canada claimed "right up to the pole" (44a, pp. 3773, 4069, 4083). He also defined the longitudinal limits of the claim and tabled a map showing its extent. In December 1953, the Prime Minister of Canada reiterated the claim during House of Commons debate when he said:
>
> "We must leave no doubt of our active occupation and exercise of our sovereignty in these northern lands right up to the pole."

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Harkness: Mr. Chairman, just before we took recess I had been quoting from memoir 2, Department of Mines and Technical Surveys, geographical branch, on the boundaries of Canada and its provinces. I was just on the point of quoting what our present Prime Minister said, which was as follows:

> We must leave no doubt of our active occupation and exercise of our sovereignty in these northern lands—

Mr. Lesage: Lands.

Mr. Harkness:

—right up to the pole.

Mr. Lesage: Lands.

Mr. Harkness: The minister is trying to emphasize "lands". I emphasize "right up to the pole". Nobody knows yet whether it is land or floating ice in the vicinity of the pole. I hope the minister will not dispute that. The publication continues:

> Lines delimiting the sector have subsequently appeared on political maps of Canada published by the federal government.

This goes to the point that the minister has been trying to make as to why these lines have appeared showing our sovereignty extending right up to the pole.

> These it is presumed, however, should merely be regarded as lines of allocation, which are delimited through the high seas or unexplored areas for the purpose of allocating lands without conveying sovereignty over the high seas.

I will not read again the subsequent passages read by the hon. member for Notre Dame de Grace, but they indicate the fact that there was in existence in Canada for many years what we might call a sector psychology in regard to this area to the north of Canada, and that everything in this sector running up to the north pole was looked upon as under Canadian sovereignty.

I do not want to enter into any further controversy with the minister over whether these ice masses are floating, anchored or high seas, but I would say that nobody knows whether there is or is not land there. Nobody knows how much of this ice is anchored on land and how much is floating. In any event, I think the minister has followed a completely contrary line to that which has been followed by successive governments in Canada probably from 1903 on but definitely from 1926 on, when the minister of the interior in effect claimed all these areas for Canada, and in going contrary to that position I think he has done a great disservice to the country by what you might call foreclosing any claim we might have to that area.

Mr. Hamilton (York West): Mr. Chairman—

An hon. Member: Make it short.

Mr. Hamilton (York West):—my minister in front of me is giving me some advice to make this as short as possible, but I really do not need too much advice from over there. But since I may get the credit or the blame for starting this, I should like to say simply this in conclusion. I do not take any credit as an international law authority; therefore I was not too much taken back this afternoon by the minister's remarks, but I should like to add this to what the hon. member for Calgary North has said. I think what constitutes a land mass, an ice mass or what are territorial waters in a sea area, is over and above any argument on the basis of legal principle. What we are stressing now is that changing conditions may necessitate a new outlook and a new statement of principle.

The minister has said that nobody will recognize it. There was an article in *The Economist* of Britain indicating that Russia had asserted the sector principle. It is true that they have named these floating islands, if that is what you want to call them. They have given them numbers, S.P.1, 2, 3 and 4, and as they disappear they go on with the numbering, 5, 6 and 7. As I understand it, these islands are on their side of the pole and are within their sector. But they have been using them for purposes of scientific research. I do not want to give the minister the opportunity of quoting all the authorities he has, but I would respectfully suggest in closing that the minister should have another look at the situation with respect to whether a new principle should be enunciated before it is too late.

Mr. Harkness: Mr. Chairman, when I spoke yesterday on the general item I posed several questions with regard to northern administration, and I should like the minister to answer them now. One had to do with what steps the government is prepared to take, if any, in order to ensure continued Canadian control, particularly as far as civil powers and rights are concerned, in the northern areas where the D.E.W. line stations are now established. Another was in connection with transportation to the northern areas. I will not take the time to repeat exactly what the questions were. Perhaps the minister has made a note of them and can reply.

Mr. Lesage: As far as sovereignty is concerned, I dealt with that this afternoon in the course of my remarks which were prompted by the remarks of the hon. member for Calgary North and the hon. member for York West. I said, and I repeat tonight, that there has never been and there cannot be any questions as to our sovereignty on the continent and in the Arctic islands.

Mr. Harkness: If I may interject, it is not a matter of sovereignty. It is a matter of ensuring that Canadian civil rights and civil law are in operation and effect at all these northern D.E.W. stations.

Mr. Lesage: I do not have with me the agreements which were signed between Canada and the United States and which were tabled at the last session. They are pretty voluminous documents. They guarantee that Canadian civil laws apply, that the area is under Canadian control, that our native population up north will be employed and protected, that our natural resources, including wildlife, will be protected. These things are all in the agreements and we have had no trouble at all with the United States authorities. Canadian law is applied according to the agreements and it has been applied in fact. There is no United States control on the D.E.W. line area.

I have visited the D.E.W. line myself. I accompanied the Minister of Defence Production and the Minister of National Defence on a visit to some of the stations. There is no doubt that Canadian sovereignty and control are recognized all along the line. Let us not forget that over 80 per cent of the people to be found at these stations are Canadian. They come from the various provinces and there are also Canadian Eskimos, who are Canadians with full citizenship rights. There are also a few Indians working in the Mackenzie delta at the present time.

The stations will be manned, maintained and operated under the direction of the Federal Electric Company, but arrangements are being made so that most of the employees for the maintenance and the operation of the D.E.W. line will be Canadians. I am glad and proud to say that the discussions we have had with the Federal Electric Company have been very successful from the point of view of providing as much employment as possible for our Eskimos in the north. There has been no difficulty. There has been some doubt cast about sovereignty or control. I am not referring to the hon. member for Calgary North because he has asked questions and has not made assertions, but I am afraid some people have asserted that Canadian control is not effective along the D.E.W. line. To use an expression used by the hon. member for Calgary North, these people have built a straw man and they have been trying to destroy it in their papers.

Nothing exists which one could call United States control in the north. It is Canadian control. Our northern service officers are constantly touring the line. The R.C.M.P. are constantly touring the line looking after order, peace and good behaviour on the part of everyone concerned. It is clear that Canadian law is applied and enforced, and that the control is in the hands of Canadians.

Mr. Harkness: Before the minister goes on to the transport end of it, I think perhaps I should say that in my opinion he is begging the question. He started out by saying that certain agreements were made with the United States and that that covered the whole question. I do not think that covers the question at all, and it is directly contrary to the reports we have received from Canadian newspapermen who were on the trip through the north.

I think the main point I made was this. While there was no overt claim about sovereignty or anything along that line, in effect Canadian sovereignty and control of that area was not being excercised. In other words there were no Canadian civil authority officers at a considerable number of the D.E.W. line stations. As a matter of fact these particular newspapermen who went up there had to go down to New York, report to the United States authorities, and get clearance from the New York authorities, and as far as Canada was concerned she had nothing to do with it at all. All the security arrangements and everything else in connection with the matter or in connection with this particular trip were in the hands of the United States authorities. Possibly the minister is obliged to get authority from Washington before he can make a trip around those stations. I do not know whether that is so. That may be the situation. In any event, as

far as Canadian custom regulations are concerned and everything along that line, that sort of thing just had no application whatever.

Mr. Lesage: Oh, yes.

Mr. Harkness: The point I made when I spoke yesterday was that we should have officers of this department or of the Royal Canadian Mounted Police at all these stations so that Canadian civil authorities are always in evidence, always apparent and always recognized.

Mr. Lesage: Even during the construction of the D.E.W. line our northern service officers have been touring the line constantly. Moreover, to hear the hon. member talk one would think that the contractors up there were all United States contractors, whereas the fact is, as we know, that in connection with half the line—

Mr. Howe (Port Arthur): All of it.

Mr. Lesage: —the contract for the construction of half of the line, the western half of it, was given to Northern Construction Company and that for the construction of the eastern half of the line to Foundation Company of Canada, which are two Canadian companies.

Mr. Harkness: Mr. Chairman, I will say this finally in connection with this matter. I have not been up there. I do not know, to my personal knowledge, what the situation is. But all the Canadian newspapermen who went up there told stories about it and gave reports. The stories they wrote were more or less unanimously to the effect that Canadian control of the area had practically disappeared. As a matter of fact Ralph Allen said, "do the Canadians here resent the Americans and the American control of affairs?" and the man replied sadly: "It is exactly the other way around. The Americans resent their being here".

Mr. Lesage: Only two or three newspapermen have written stories in the sense just mentioned by the hon. member, out of a total of 20. The balance have not said anything like that.

Mr. Harkness: Mr. Chairman, in the newspaper stories I have seen, all the people who went up there indicated that.

Mr. Lesage: You saw the ones you wanted to see for the purpose of discussion of the estimates.

Mr. Harkness: No; I read everything on these things that I can find. As I say, the stories in the papers and magazines have all been along the lines I have indicated.

Some hon. Members: Carried.

[Mr. Harkness.]

The Chairman: Shall item 307 carry.

Mr. Harkness: No, Mr. Chairman. The minister has not said anything about this business of transportation in the north. I have reference to the matter of this railway to Pine Point, about which I spoke yesterday.

Mr. Lesage: I believe that the case for the desirability of a railway has been very well made in the report which was prepared by the commissioner of the northwest territories for the Gordon commission. I do not see exactly what my hon. friend wishes me to add further, because I am sure he has read this brief.

Mr. Harkness: As a matter of fact, Mr. Chairman, I said yesterday that I was delighted to see that the Department of Northern Affairs and National Resources was alive to the necessity for improved transportation in the north. I was extraordinarily glad to see that they had presented this brief, which I think was an excellent one. I should like to compliment the deputy minister of Northern Affairs and National Resources on this brief. I think it was an extremely good brief. But the question I asked the minister yesterday was whether anything definite was being done or has been done with regard to getting this railway to Pine Point started.

Mr. Lesage: I have had discussions with the railway authorities, and I personally have no doubt about the desirability of such a line. It is a question of timing under the present circumstances, when so much of our physical resources are being used for the huge development which we are witnessing at the present time in Canada. Our physical resources are taxed to a much greater extent than we expected them to be taxed. They are taxed to the point that we had a warning from the Bank of Canada on the subject not later than last week. It is a question of timing.

As I said, I personally have no doubt of the desirability of this railway. It is a question of timing in the over-all economic situation in Canada. I shall be greatly interested to see what the royal commission will have to say about this specific project in relation to the over-all development of Canada.

Mr. Harkness: I agree with what the minister has said, namely that it is a matter of timing. But he still has not answered the question. In other words, has anything definite been done with regard to getting this started?

Mr. Lesage: What do you mean?

Mr. Harkness: Have there been any conversations with the C.N.R.? Have there been any conversations with the C.P.R.? Have

there been any arrangements made or tentative talks been had with contractors other than these two railways with regard to building this line? In other words, has anything definite been done about it?

Mr. Lesage: I personally and my officials have had talks with the officers of the railways, but I do not believe I should at this time say what those conversations have been. They were confidential.

The Chairman: Shall item 307 carry?

Mr. Harkness: No, no, Mr. Chairman. The minister still has told us absolutely nothing definite with regard to this railway.

Mr. Howe (Port Arthur): He has told you all he proposes to tell you.

Mr. Harkness: What is the Minister for Defence Production saying?

Mr. Howe (Port Arthur): I say he has told you all he proposes to tell you, but you keep on talking.

Mr. Harkness: Mr. Chairman, the Minister of Defence Production is indicating his usual dictatorial attitude as far as parliament is concerned. He is implying that I have no right even to ask questions.

Mr. Howe (Port Arthur): You have asked them.

Mr. Harkness: As a matter of fact, if the Minister of Defence Production had his way we would not be sitting here at all.

Mr. Howe (Port Arthur): Hear, hear.

Mr. Harkness: And we would not be asking any questions. If we attempted to ask any questions, the Minister of Defence Production would tell us to go home, that it is none of our business. He does not understand or recognize the democratic principles of government. He just does not understand democracy.

Some hon. Members: Oh, oh.

Mr. Howe (Port Arthur): I do not understand it as expounded by my hon. friend.

Mr. Harkness: He does not understand democracy; otherwise he would not be interrupting in a discussion of this kind. I would repeat the question that I asked yesterday. Can the minister not tell us anything definite whatever as to when there may be any move with regard to starting this railway?

Mr. Lesage: No, sir.

Item agreed to.

Forestry branch—

312. Branch administration, $140,887.

Mr. Herridge: Mr. Chairman, I had intended to get to my feet on item 312 but I became immersed in this other discussion. I am only going to be a minute or two.

The Chairman: Has the hon. member leave to revert to item 312?

Some hon. Members: Agreed.

Mr. Herridge: My remarks will be very brief because I realize that we want to get through the estimates. This is an extremely important branch. I am pleased to know that there is an increase of something over $26,000 in the estimates of this branch. I think that is a very good sign. I am sorry to see a decrease in the item connected with the grant for forest inventory. I hope that does not indicate that the department is gradually going to back out of that field, because in my opinion forest inventory must be a continuing inventory if it is going to be worthwhile and of value to the persons concerned.

I am just going to mention two things. I want to mention briefly a point I tried to make on a previous occasion, that in my opinion, and in the opinion of a large number of the people I represent, particularly those interested in the lumber industry, the most vital thing this government could do to assist in the protection of our forests at the present time would be to consider making grants to provincial governments toward forest fire protection. Just yesterday in the Kootenays there were 2,000 acres of timber burned within 24 hours. That is a tremendous loss. Yesterday in my own district of the Arrow lakes there were 15 fires started within one hour by lightning. This large number of fires commencing at once in one area create very serious problems for the the forest service. You have to have equipment to cope with that satisfactorily; you have to have men, and that means money. I do make an appeal for the consideration of grants to the provinces for the improvement of forest fire protection.

In that connection I am just going to quote very briefly from this very excellent booklet published this year by the forestry branch of the minister's department and entitled "Research Work of the Forestry Branch." I had intended to say a bit more if we had not been cruising around the Arctic for quite so long. I am just going to quote this paragraph, "Forest fire protection section".

> The chief natural enemy of the forests of Canada is fire. This statement is confirmed by the fact that about 50 per cent of the total expenditures by provincial forestry departments are incurred in connection with fire protection. Although great

advances have been made in the development of fire protection services during the past 30 years, the danger that investments in forest improvements may literally go up in smoke continues to be a major deterrent to the development of sound forest management.

Those are very true words indeed. It is because of the fear of the loss of forests and of the investment in timber by fire that some companies and some governments still fail to practice the forest management policies that they should be practising at this stage.

The research work of the forestry branch in this field seeks to provide new information and to give assistance in the development of better methods which are essential to the further improvement of fire protection.

I give the branch credit for what it has been doing in this connection. This booklet mentions the very excellent work that is being done. Again I say I think the federal government could well reinvest part of the large sum of money it receives in the form of taxes from the forest industry in grants to the provinces for fire protection purposes. The same conclusions were reached at the conference held at the Chauteau Laurier in 1954 on renewable natural resources. I am not going to read the paragraph, but there again a request is made for some consideration by this government of grants to the provinces for this purpose.

Having said that, I want to mention one other matter. I think the branch does excellent research work, but I plead again for a wider distribution, if possible, of the literature the branch publishes. I know that every effort is being made to get this information into the hands of the people who will appreciate it; but within the last month I have had correspondence, for instance, from the mill manager of a company in which I am interested and the forestry engineer of the same company, asking for information on this and that. I know they have been pleased to receive many of these pamphlets and bulletins that I have sent. In my travels around the constituency I run into a number of lumbermen who operate on a small scale who are not aware of this information.

I do suggest that either through the lumbermen's association of British Columbia, the interior association or the other associations, a greater effort be made to get this excellent information, resulting from research on the part of this branch, into the hands of the men who are producing logs and manufacturing lumber in this country.

Now I want to make one suggestion in respect of research. I have been very interested for some years in fire-resistant paints and things of that sort for wood. I made some inquiries of the national research council and found they had not carried on any research or investigations in that respect. They had dealt with private companies. I think they do give information as to those who are dealing with this matter, and I understand they consider it best to leave research in this field to the private companies in Canada.

I understand this branch has done some work in this respect. This is a type of research that I hope the research branch of the forestry branch will carry on extensively, because it offers a great opportunity. I have heard the question discussed amongst lumbering people and people who want to use our splendid cedar, fir and other woods for roofing and interior and exterior finishing.

I understand that in the United States considerable work has been done along this line. I know of people who desire to use wood not because of the cheapness but because it is a long lasting type of roof. I might mention that regardless of what the manufactured roofing might be, asbestos or whatever it is, according to the Washington department of documents the cedar shake roof is the most efficient and longest lasting, and in the long run the cheapest roof you can put on at the present time. The same is true of the red cedar shingles of British Columbia.

I suggest this is a problem worthy of the very close attention of our forestry branch, because if we get some solution for the protection of wood by coating it with paints or other commodities that will reduce the fire hazard, we will have accomplished a very important thing for the lumber industry as a whole and for those persons in Canada who prefer to use Canadian woods in building and beautifying their homes, rather than these synthetic materials that are foisted on people today because they are in some cases, under present circumstances, the most easily available and more fire-resistant.

Item agreed to.

318. To provide for a contribution to the province of New Brunswick for assistance in a program designed to combat the spruce budworm infestation, in accordance with an agreement entered into by Canada and the province, $650,000.

Mr. Brooks: I shall not detain the committee for any length of time, but as any hon. member can see by reading this item it is very important to my province of New Brunswick. There is a vote of $650,000 for assistance in combating the spruce budworm infestation in our province. I might say that this work has been going on since 1949, or for the last five or six years anyway. I want to congratulate not only the

federal government but also the New Brunswick government and the different companies in New Brunswick like International Pulp and Paper, the Fraser Company and the Bathurst Pulp and Paper Company for having joined in combating this great menace to our forests.

I have spoken on this before and it has been mentioned in the house by others. I do not believe in continued repetition so far as these matters are concerned, but I should like to ask the minister whether or not this infestation has spread to other parts of Canada. Has it spread to Quebec, for instance, or into the state of Maine in the United States or the province of Ontario? I notice the estimate is designed principally for the combating of this infestation in the province of New Brunswick.

I should like to ask the minister how much has already been spent in New Brunswick. What success is the department having? Does it feel that this infestation is well under control? How much longer does the department feel it is necessary to carry on its activities in trying to combat this infestation? Will the minister give us a general report on what the situation is regarding this matter in New Brunswick?

Mr. Lesage: I am informed—I know for a fact—that the budworm is spreading into Quebec. I know the government of Quebec has announced that it was spraying and has done so for the last two years. There has been no request for a contribution from the government of Canada. I am informed by the director of the forestry branch that there is some infestation in the state of Maine, and that they are spraying there.

Mr. Brooks: We will not give any assistance to them. How much money does the minister think it will take from the federal government to combat this infestation?

Mr. Lesage: I do not know, but the agreement with New Brunswick that we renewed last year was for 1956, 1957 and 1958.

Mr. Brooks: How much has been spent already?

Mr. Lesage: We spent $1 million in 1953-54 and $314,271 in 1954-55. We spent around $300,000 last year.

Mr. Brooks: The department spent one-third of the cost?

Mr. Lesage: That is right. Of the total cost of the operation, which is carried out by Forestry Protection Limited, which pays one-third—pardon me, the paper companies pay one-third—

Mr. Brooks: What is the situation regarding infestation?

Mr. Lesage: Well, I have a very long report on forest protection, but I can say that the gist of the report is that the situation is very encouraging.

Mr. Brooks: It is under control?

Mr. Lesage: I will send a copy of the report to my hon. friend.

Mr. Rowe: It seems to me that the service to forestry development in this country by the dominion government has been sadly neglected for many years. It is not a case of political differences with any one party, but there seems to be a lack of understanding as to the part that forestry plays in our whole economy.

The hon. member for Royal has mentioned the budworm. We know very well from historical facts that down through the years since 1850—in fact again in 1875, and again later on—we have had these budworm infestations. I do not want to hold up the estimates, because I would like to see this house prorogue; but I feel that this is one very important factor of which the government should take more cognizance. It is not a matter of political differences; it is just a matter of lack of appreciation. From no industry in Canada does the government receive so much income tax and so much benefit as from the pulp and paper industry.

We hear a great deal about the conservation of our resources and of this government not preserving those great natural resources, and I hear a lot of people talking about what has been done to those forests by cutting down the trees. Yet the same people will probably throw half-burned cigarettes in a forest district and do more harm than all the harm they have been talking about that others have done to the forests of this country.

I sometimes think that people have a misconception of our forests. Our forests are like crops. Trees grow as people do. They develop, ripen and mature and become overripe and ready for harvesting. You would not take a wheat field and say to the farmer, "You should not cut that golden field of wheat because it is so beautiful. You are ravaging the agricultural soil by cutting the wheat. It is the same with spruce, balsam and poplar and any trees that are ready to cut and be developed into resources and put into our economy to give employment to our people. It is a crop.

I do say this, Mr. Chairman, and I can say it now, as you probably know, with better grace than I could have some time ago,

because I am not connected with any pulp and paper industry in Canada in any managerial or executive position. I do say, independent of politics, that the government of Canada should stop, look and listen with respect to the development of our great resources. I have been a farmer all my life, and I have urged that expenditures be made on agriculture. We have expenditures on agriculture in western and eastern Canada, but no industry in Canada has contributed so much to the national economy and received so little from the Ottawa government as the forestry industry. I take part of the blame myself. It is not a condemnation of the present government; it is the attitude of the government at Ottawa, irrespective of what party is in power.

The budworm infestation, as the Minister of Trade and Commerce knows probably better than most members in the house—I think he will agree with me in this—destroyed probably 10 million cords in the district with which he and I are so familiar.

Mr. Howe (Port Arthur): The lake Nipigon area alone.

Mr. Rowe: Yes, in the lake Nipigon area alone, 10 million cords. I think he will agree that this industry has returned to the treasury of the dominion tremendous amounts in income tax and so on. We return enormous sums to agriculture, the basic industry, as it is called, of this country, which many of us are interested in; but the pulp and paper industry is criticized for having ravaged the forests. I think the minister will agree with me that from Newfoundland right out to the far west coast, which several hon. members to my left know so well, the companies have tried to play the game. They have tried to establish protection for the forests; they have tried to establish reforestation. The provinces have helped some, but the provinces have not given as much as they might have done, and I think the dominion government should take a new look at what could be done.

We talk about the trans-Canada highway. We need highways through the forests. Don't let us charge the tourists with having thrown out cigarette butts and started fires. The good Lord and nature with lightning start far more fires than anything else. It is almost impossible, either by helicopter or plane, to get into many of those areas. There is nothing that would help more than highways through those areas, and a great deal could be done along that line.

I urge the minister to try to get the members of the cabinet to take a new look at this great resource because, after all, we stand out as the greatest country in the world so far as pulp and paper and timber resources are concerned. During the years of the 1930's, in those awful years, the gold of this country and our forest resources were the key links keeping this country going.

As the hon. member for Royal has so well said, the budworm infestation is terrific. You hear people saying, those who probably have not studied the issue very carefully, that the pulp and paper industry and the lumbermen are stripping the forests and cutting down the beautiful trees and not planting anything else. But keep in mind that the whole pulp and paper industry in Canada consumes only a little more than 25 per cent of the annual depletion of our forests, while fire alone takes almost 25 per cent. The firewood to keep houses warm in districts that have no coal or oil takes almost another 25 per cent.

It seems to me that we are often carried away by the idea that 10 million, 12 million or 13 million cords of wood are cut to keep the pulp and paper industry and the lumber industry going, which bring in about $1,500 million a year in our balance of trade; yet we hear—and I am not critical of this in a political sense—that about $3 million will be spent to protect this. I have urged before in the house and I urge at this time that the government take another look at what could be done to help perpetuate this great resource. The only difference between a crop of golden wheat and a crop of black spruce is that it takes about 60 years to grow a crop of black spruce and something less than six months to grow a crop of wheat. They both must be harvested in time; there shall be a time for seeding and a time for harvesting.

The hon. member for Fort William and others who have lived in the north country know that what I say is true. If a forest is properly harvested it is not depleted, and just because you cut down a beautiful tree it does not mean that another one will not grow in its place; it simply means that perhaps you and I may not be here to see it.

The budworm infestation has been the tragedy of the forest over the last 75 years. The infestation came over from the state of Maine into New Brunswick and Nova Scotia probably 80 years ago, and then it moved on down into Ontario. It has been most devastating, and I know it is almost impossible to eradicate. In the province of Ontario the budworm was sprayed from aeroplanes and various other measures were taken to kill the budworms; but they moved out into the lakes and killed the fish, and there were all sorts of repercussions along the line.

I do believe that the dominion government should be more active in co-operating with the various provinces across Canada in an

effort to defeat the budworm. It must be remembered that the budworm does not understand or acknowledge provincial boundaries. I realize that this matter is a provincial responsibility, but I think it is a matter the importance of which we in this chamber fail to emphasize in relation to our whole national economy.

For instance, let us think of our fire protection system. A fire could start in the province of Quebec and sweep through the province of Ontario. Forest fires disrespect provincial borders; we have seen them do that. I feel there should be closer co-operation between the federal and provincial governments. As a matter of fact I think the provinces should co-operate more in building highways through the various forest areas, and I think the federal government should be as interested in developing such roadways as it is in building the trans-Canada highway.

Another aspect of this matter I have mentioned once before in this house and would like to bring up again at this time is that if we should ever become involved in another tragic war—and God forbid that it should ever happen—we should try to conceive what might happen in view of the development of these disastrous and terrible instruments of destruction that could destroy our national wealth very quickly if two or three bombs fell in our forests during a dry season in the summer. If this should ever happen the highways I have referred to would be extremely important.

I am not going to delay the house because I am anxious to see this session expedited and concluded, but I urge upon the minister to talk to his colleagues, especially the Minister of Trade and Commerce, for he knows as I do that what I have said is true. Let us look at this squarely, independently of parties, as an issue that involves one of the greatest resources of this country, and let us give some consideration to doubling, trebling and possibly quadrupling the money that is spent for our forest development and protection.

Personally I would like to see some arrangement made whereby we would have highways built through these forest areas, areas that are not yet taken up by any company, so that in case of fire, budworm infestation or enemy attack we would have ways and means of reaching those districts and safeguarding one of the greatest resources we have. No other people in the world have ever had a single resource such as we Canadians have. We have the greatest forest resources in the world. Canada is now supplying 85 per cent of the world's newsprint, almost all of it, and about 65 per cent of the world's pulp. This is a resource that is worth as much as gold itself. I can speak in this way because at the moment I am not identified with any company.

As a member of this house I feel that we in this chamber have not fully comprehended the importance of this vital resource, and independently of our party affiliations we have not quite done all that we should do to safeguard and protect it. As a farmer I do not mind if the government spends $12 million, $18 million or $100 million in subsidies for agriculture, but I shudder to think that in relation to this great resource which returns so much to the federal treasury we on both sides of the house appear to consider it as picayune and are adopting an attitude of reckless abandon.

Mr. Brooks: Mr. Chairman, I have another question I should like to direct to the minister. In the last few weeks we have heard statements by the Minister of Fisheries to the effect that he is taking action, either criminal or civil, due to the destruction of certain fisheries in the province of New Brunswick caused, as he says, by the spraying of D.D.T. in the process of eliminating and destroying the budworm.

As the hon. member who has just taken his seat said, the work that is being done by the federal and provincial governments and by the companies concerned has meant a saving to the economy of the province of New Brunswick as far as the pulp and paper industry and the forests are concerned.

I would like to ask the minister if any investigation has been made by his department to find out whether there is any responsibility on the part of his department for the destruction of the fisheries, and if there is any great justification on the part of the Department of Fisheries for bringing such an action. I am not certain whether the department is bringing action against the department of northern affairs, the province of New Brunswick or one of the individual aviation companies that have been doing the spraying. A great deal has been said by the ministry of fisheries in connection with this matter.

The people in New Brunswick are very much concerned to know whether there has been any great lack of responsibility on the part of any of the parties concerned in connection with the destruction of certain fisheries in our province. I thought perhaps the minister might be able to enlighten us on this particular matter.

Mr. Lesage: My department has no responsibility for the actual spraying operation, and I would not know—

Mr. Brooks: You do not know?

Mr. Lesage: I do not know if the aviation company is guilty of negligence.

Mr. Brooks: Are they not the agents of your department?

Mr. Lesage: Not at all, Mr. Chairman. The only thing we do is contribute one-third of the cost to Forest Protection Limited, which is responsible for the whole operation. It lets subcontracts, and I suppose it has let a subcontract to an aviation company. That is all I know about it.

Mr. Brooks: You have made no investigation of any kind?

Mr. Lesage: I have no investigation to make.

Mr. McBain: Mr. Chairman, I was concerned with a question asked by the Leader of the Opposition on July 20 of the Minister of Northern Affairs and National Resources regarding the spruce budworm outbreak in the Cape Breton highland national park area around Ingonish beach.

I had the pleasure of spending a few days in the Cape Breton highland national park and I visited that area two or three days before the question was raised in the house. I was concerned about the minister's reply when he said that he had obtained a report from the forest biology division of the Department of Agriculture to the effect that there was no real, sudden outburst. There may have been some infestation in the national park, but there was nothing extraordinary. After you drive into the park for a bit you find an area which was burned over seven years ago, and that certainly is not a beautiful sight for tourists. An area of burned bare trees cannot be considered a tourist attraction.

I am concerned that in the Ingonish area there has been a serious outbreak of the spruce budworm. Wherever you look you see nothing green; the new growth has been completely devoured. If you walk into the trees in a few moments you are completely covered with grubs. I would hate to see that beautiful park area devoured. Cape Breton national park is one of the outstanding parks in eastern Canada, and with the improvements being made on the road it should be a real tourist attraction. I wonder if the minister has any comments to make.

Mr. Lesage: I am informed that there has been an outbreak, although not too serious. This is not confined to the park area but covers that part of the province. Our technical people are studying the matter along with the officials of the forest biology division of the Department of Agriculture, and there will also be talks with the appropriate officials of the provincial government to see what can be done.

Mr. McBain: Is any spraying being done at the present time?

Mr. Lesage: I will have to get a report from the technical people before I can make a decision that spraying should be done. I am not an expert, but I understand that spraying must be done in June if it is to be effective, because that is the only time you can kill the budworm. The hon. member for Royal nods his head. If any decision is taken as to what can be done and if it involved spraying would have to wait until next June.

Item agreed to.

Forest products laboratories division—

320. Construction or acquisition of buildings, works, land and equipment, $540,125.

Mr. Barnett: Coming from one of the major forest areas of the country, I want to make an eloquent plea for a greater interest in our forests. I join with the hon. member for Dufferin-Simcoe and my colleague, the hon. member for Kootenay West, who have emphasized the need for an increased use of cedar products. In British Columbia we have some fine stands of hemlock, which is a good pulp timber, and cedar, and the adequate use of cedar products has presented quite a problem. The amount in this item represents a significant increase over the amount provided last year, and it would be interesting if the minister could explain briefly just what program is involved.

Mr. Lesage: I announced some time ago that the government had decided to build a laboratory at Pointe Claire, near Montreal, for the pulp and paper research institute of Canada. We used to grant $100,000 a year to this institute, and after two years of discussion it has been decided to the satisfaction of the government and the institute that we should cease making that grant and, in lieu thereof, build a modern research laboratory at an estimated cost of $2,250,000. The half million dollars provided by this item is an estimate of what can be done this year.

Mr. Barnett: Is there to be an expansion of the forest products laboratory at the University of British Columbia?

Mr. Lesage: We are building a new laboratory on the university campus, which is covered by an item in the estimates of the

Department of Public Works. There is also a laboratory being built at Ottawa for which money is being provided in the public works estimates. As a matter of fact I am informed that tenders are in for the two laboratories.

Mr. Brooks: Have you any other laboratories in Canada besides those two? Have you any in eastern Canada?

Mr. Lesage: We have forest research stations all across Canada, with a good one at Acadia.

Item agreed to.

Canadian government travel bureau—

323. To assist in promoting the tourist business in Canada, $1,567,559.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, this item which deals with the Canadian government travel bureau is important to all Canada, because travel in this country by people from the United States or other parts of the world represents one of our major sources of foreign exchange. In recent years, while there has seemed to be an improvement in our travel position, the actual case is that we have been falling back rather badly in the number of people who come to Canada as tourists. The best basis of comparison which can be offered is the expenditures of United States citizens for travel in other countries. I intend to compare 1948 with 1954.

We find that in 1948 United States citizens expended about 21 per cent of their travel expenditures in Europe. This has increased to 38 per cent. In 1948 they spent 19 per cent in Mexico; today they are spending about the same, 20 per cent. In the case of Canada we find that their expenditures in 1948 represented 44 per cent of the total, but those expenditures had dropped to 30 per cent in 1954. That is clear and conclusive and definite evidence that the Canadian government travel bureau is not doing the job it should or which it could do to attract the citizens of other countries to Canada to spend their time and money in this country.

This tremendous dropping off in the proportion of United States travel funds spent in Canada is masked by the fact that their dollar expenditures have gone up, but the fact remains that we have been getting a smaller and smaller share of that amount.

Mr. Lesage: They are going to Europe.

Mr. Hamilton (Notre Dame de Grace): I have already pointed that out.

Mr. Lesage: They could not go before.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I am delighted to have the minister bring up that point. That is why I deliberately chose the year 1948. By 1948 the war had been over for several years. Transportation to Europe—

Mr. Lesage: How many years? Seven years?

Mr. Hamilton (Notre Dame de Grace): I chose 1948 and 1954, and I said that by 1948 the war had been over for several years.

Mr. Lesage: Three years.

Mr. Hamilton (Notre Dame de Grace): Communication with Europe had been opened up again. Transportation by boats and planes was available.

Mr. Lesage: Not much to eat though.

Mr. Hamilton (Notre Dame de Grace): Hotels had been renovated. One of the great attractions in Europe at that particular time was the exchange situation, which was very heavily in favour of the United States traveller going to Europe. Despite all these advantages, in that year we were still able to attract 44 per cent of the total United States dollar expenditures on travel, but by 1954 that percentage had fallen to 30 per cent. I am delighted that the minister gave me the opportunity to emphasize that point.

As I have said, these statistics would seem to indicate that the department has been doing an unsatisfactory job in this field. I suggest also that in the coming years travel will be of increasing importance as a source of foreign exchange to a country like ours, which needs it so badly. With automation, the reduction of the work week and a higher standard of living, more and more dollars are going to flow into travel expenditures, and we must be prepared to get our share. Therefore if our attractions for the tourist or our way of merchandising them are unsatisfactory now, it betokens a condition which will become increasingly serious in the future.

Having said that, I should like to proceed to a few points that might be of some assistance to the minister in dealing with this problem. The first suggestion I would make is that the responsibility for the travel bureau be transferred from the Department of Northern Affairs and National Resources to the Department of Trade and Commerce. Travel is not a natural resource. It is a trade; it is something which has to be merchandised and sold. In the foreign countries of this world we already have a magnificent organization of Canadian government trade commissioners. They can do an excellent job of handling tourist promotion in

those areas. While we are taking advantage of their services to a very limited extent at the present time, there is no co-ordination and no integration. Therefore I suggest the transfer of this branch of the government to a department where it would be genuinely at home.

Because on occasion I have been known as a critic of the Minister of Trade and Commerce for having too much to do and too much under his control, I suggest in passing that he trade to the Department of Northern Affairs and National Resources the Eldorado Mining and Refining operation in return for the Canadian government travel bureau, for I can realize that nobody likes to lose part of his empire without getting a little bit from somebody else. The Northern Transportation Company, which is closely allied with Eldorado Mining and Refining, might also go along to the Minister of Northern Affairs and National Resources, or it might find its way into the Department of Transport.

However, while that suggestion would deal at least in part with improving the merchandising of Canada's tourist attractions, it would not deal with one of the biggest oversights in the work of the bureau at the present time. I refer to its complete concentration upon selling Canada and travel in Canada to other nations and in the process overlooking completely the possibilities involved in Canadians travelling from one part of Canada to another and becoming better acquainted with their own country.

The reason I bring that up at this point is that it does not matter whether we attract a United States dollar into this country to be spent by a tourist or whether we retain a Canadian dollar in this country rather than see it go south of the border to the United States. The net effect on our exchange position is exactly the same.

Therefore it would seem to me that by persuading some of the millions of Canadians who go to the United States each year to stay in Canada and see Canada our exchange position would be the same or better, and we would have a great rebirth of interest in this country. I would also point out that it would be of tremendous benefit to certain areas such as the maritimes, which are keenly interested in increasing their financial resources at the present time.

Turning from this point to the question of the extent to which the travel bureau is actually doing a job at this time, I wonder whether the house and the minister realize that a little country like Mexico, little in comparison to Canada, is spending approximately $4 million on the promotion of travel for its purposes as against $1,500,000 by us, or almost three times as much as Canada. A few minutes ago I quoted figures which showed the effect of that expenditure. From 1948 to 1954, while expenditures by Americans on travel in Canada dropped from 44 per cent to 30 per cent, expenditures by Americans in Mexico remained almost static. They were 19 per cent of the total expenditure in 1948 and 20 per cent in 1954. That is very directly the result of proper and adequate merchandising by Mexico.

I would point out to the minister that little places like the Bahama islands and Bermuda, places with not a hundredth or a thousandth of the resources of Canada, surpass our budget in their expenditures on tourist promotion for their countries.

In some respects the work of the tourist bureau is very attractive. I hold in my hand their booklet called "Canada, Vacations Unlimited". It is an attractive piece, well printed and well done; but if the minister will consult with advertising experts or experts on tourism I think he will find that most of the bureau's promotional literature, including "Canada, Vacations Unlimited", has missed one of the main points of tourist promotion, the need for regional promotion, to make a thing come alive in terms that the person reading it can understand.

This booklet first of all promotes Canada as a whole; and while that is a good thing, it is something which it is difficult to sell. Next it promotes features of tourism in Canada such as adventure in the wilderness, scenic transportation, fun and games. You can have fun and games in any country in the world. Certainly that is no special feature which is going to draw people to this country. Then there is reference to national parks. We have very attractive national parks. So has the United States. The booklet refers to shrines and historic places in Canada. I shall deal with that in a moment but in general terms all countries have shrines and historic places. In other words this booklet and this expenditure is not showing with respect to Canada anything new or different which would have a special attraction for people outside our borders.

It then goes ahead to deal with the provinces, and that is a good thing, more under the basis of regional promotion; but it still does not make the reason come alive in the minds of the prospective tourists to Canada as to why they should come here rather than go somewhere else. I suggest to the minister that he would get immeasurably better results from his expenditures in this field if he would promote vividly very narrow regions, taking not a province but small areas in a province and showing much more specifically what the tourist will find.

I also suggest to the minister that far more emphasis should be placed by his department on the specific aspects of Canadian history which tie in so closely with the United States of America and with the European countries. We were the first settled country on the North American continent. We have a history which comes vividly alive in various parts of this country, as in Quebec city itself, Montreal, Kingston, the point where the first passage was made through the Rockies, and in a thousand and one places. There are in Canada for tourists tremendously exciting experiences which have never been promoted and have never been brought to their attention by the federal tourist bureau.

These suggestions will admittedly make many demands upon the budget of the tourist bureau. I am one of those who seldom rise in this house and advocate a specific additional expenditure. When I do so I like to feel that the expenditure which is being advocated is tied to a specific return to this country or to the federal government. I suggest to the minister that there are very few fields in which a dollar spent will bring a greater return to Canada than would be brought here through proper expenditures by the federal tourist bureau, expenditures which would be somewhere in line with or equal to those of a country like Mexico, whose resources are so much more limited than are ours, or an area like the Bahama islands or Bermuda, all of which are spending on their tourist promotion more than we are spending. I suggest to the minister that our limited promotion is at the very root of the reason we are enjoying or rather suffering—that is a far better word—such a serious adverse balance of trade in respect of our tourist business.

There are many more things that could be said on this matter, Mr. Chairman, but it seems to me that I have put quite a few ideas forward, and at least I have drawn the minister's attention to the matter. In deference to his wish to get through his estimates as quickly as possible I shall now await his reply on these matters.

Mr. Matheson: Mr. Chairman, I should like to take a few minutes of the time of the committee in order to record a few facts which are of vast importance to my own province and which I think perhaps might be of great importance to people in other parts of Canada and elsewhere.

I have in my hand the issue of the Charlottetown *Guardian* of July 10, in which is reported an interview with Dr. Elzear Campagna who is recognized as an expert on ragweed. In the interview he is reported as follows:

"You have a gold mine here on Prince Edward Island and you don't know it," said Dr. Elzear Campagna of the faculty of agriculture at Ste. Anne de la Pocatiere, Quebec, yesterday who has pioneered in the eradication of ragweed in eastern Canada since 1936.

The article continues further:

From surveys which he started in 1936, he has found that Prince Edward Island is one the the areas most free of ragweed which is one of the main causes of hayfever. Dr. Campagna states that the hayfever season is from the 15th of August to the 15th of September and if Island conditions are sufficiently advertised this province could easily become a mecca for sufferers from the affliction. These people could be, as it were, a "second harvest" to the regular tourist business which is pretty well over at this time of year.

Dr. Campagna notes that many sufferers from hayfever spend large amounts of money trying to find relief from the affliction and only a small percentage of these have been successful. "It would be much cheaper and a great deal more pleasant for them to come to a place which is free from affliction such as your province," he said.

In case it might be of some value to places which are trying to eradicate this weed I might say that Dr. Campagna said that the eradication of the plant is not an expensive procedure. He says that about two ounces of 2-4D to a gallon of water will effectively destroy it. I might conclude by quoting the closing words of the interview:

In concluding his remarks, Dr. Campagna said: "You have something here which is even more valuable than gold—gold may be mined and sold and you do not possess it any more—but an area which is free of ragweed is a constant source of income to its people."

The Chairman: Shall item 327 carry?

Mr. Harkness: No, Mr. Chairman I thought perhaps the minister was going to make some reply to the remarks which have been made by the hon. member for Notre Dame de Grace. I had a quite lengthy speech myself to make on this subject, but in view of the lateness of the hour and the lateness of the session I think I will let it go.

Some hon. Members: Hear, hear.

Mr. Lesage: Send it to me.

Mr. Harkness: I will merely say this. The general travel situation in Canada is evidently quite unsatisfactory. However, I should like to say that I think that is no fault of the director of the travel bureau, who has probably done as well as anybody could possibly have done with the funds at his disposal as far as promoting travel is concerned.

Mr. Hamilton (Notre Dame de Grace): Is the minister not going to explain at least something of what is being done in meeting the situation as far as the tourist trade is concerned?

Mr. Lesage: I listened very carefully to the speech of the hon. member for Notre

Dame de Grace, who said that we were wrong in all we were doing in the travel bureau. But he was contradicted by the hon. member for Calgary North, who said that the director of the travel bureau is doing a splendid job. What can I say?

Mr. Harkness: I do not think the minister should put words in my mouth.

Mr. Lesage: That was not my intention.

Mr. Harkness: I started out saying, as he will recall, that the travel situation in Canada was not good. However, I did not blame it on the director of the travel bureau.

Mr. Lesage: You said he was doing a splendid job.

Mr. Hamilton (Notre Dame de Grace): In order that there may be no doubt in the minister's mind, since he is trying to muddy the water may I say that I did not state, first of all, that the director of the travel bureau himself was doing an improper job. I laid the blame at the door of the government. In the second place, I will state that Mr. Dolan is one of the most charming people I have ever met. He is one of the most capable public speakers I have ever heard. He has carried the story of Canada to a great many places. All that still leaves the bureau and the government's policy and their operation in a deplorable condition. It is not necessarily the fault of Mr. Dolan, but it is the minister's responsibility to give us some idea whether he plans any changes or any improvements, or whether he has any plans whatsoever for the future.

Mr. Rowe: Give him more money.

Mr. Herridge: Mr. Chairman—

Some hon. Members: Oh, oh.

Mr. Herridge: Did I hear somebody yawn?

Mr. Brooks: You need not be surprised at that.

Mr. Herridge: With reference to what the hon. member who has just spoken has said and what the hon. member for Calgary West said, I might say that I have in my hand a pamphlet entitled "Nature Trails in Mount Revelstoke National Park". It is a guide to items of interest, including some of the flora and fauna at the summit of Mount Revelstoke and along the trails to Millar, Eva and the Jade lakes. I have read this and I think it is a most excellent pamphlet, which is issued under the authority of the minister and published in co-operation with the Canadian travel bureau. This is the sort of thing that is real publicity. It does not contain a lot of information about hot dog stands. This is something that anyone entering the park would like to have. I was very pleased with it, because it concerns Mount Revelstoke national park which is in the Kootenays. I ask the travel bureau to continue issuing these booklets with regard to the other national parks in British Columbia.

Mr. Lesage: We have such pamphlets for every park in Canada.

Mr. Hamilton (Notre Dame de Grace): This is not going to make me popular with the government, but I think it is about time members on the treasury benches learned that some of us do not come here just to make speeches. We come here, first of all, to put forward what we consider are cogent comments and perhaps a few helpful suggestions. We also believe it is the responsibility of the appropriate minister, when he brings estimates before this house, to give some explanation about future policy when such a request is made. We believe it is the responsibility of the appropriate minister to make at least some comment. We have become accustomed, in some cases, to rather cavalier treatment from certain ministers, but I do not think that has been the usual course of action of the Minister of Northern Affairs and National Resources. I am asking him again if he will make some comments on the points I have made in connection with the tourist bureau, and what future plans and future expectations are in this field.

Mr. Lesage: I shall discuss with the director of the travel bureau and my deputy minister the suggestions that have been made by the hon. member.

Mr. Hamilton (Notre Dame de Grace): Has the minister any intention of applying for an increase in the budget next year?

Mr. Lesage: This will be shown in the estimates of next year, sir.

Mr. Hamilton (Notre Dame de Grace): Has the minister any answer for the condition which has been apparent, not only in one year but ever since 1948, in which United States dollars have been spent in increasing amounts in Europe and in decreasing amounts in Canada?

Mr. Lesage: Every year in the last five years there has been an increase in the number of visitors and the amount of money they have spent in Canada, as well as in the extent of their stay. A greater number of United States citizens have been going to Europe since 1948 for the very good reason that conditions have been improving steadily in Europe since 1948. Another reason is the fact that there has been more money available in the United States, so that people could

spend larger amounts and thus be able to go to Europe instead of coming to Canada as they used to do.

Mr. Hamilton (Notre Dame de Grace): Does the minister expect the situation in that regard to continue in the future? Does he expect that situation to continue indefinitely?

Mr. Lesage: An increased number of tourists in Canada; definitely, every year.

Mr. Hamilton (Notre Dame de Grace): No; a decreasing proportion of United States people coming to Canada?

Mr. Lesage: I do not know; it will depend on economic conditions.

Item agreed to.

DEPARTMENT OF AGRICULTURE

35. Freight assistance on western feed grains, $15,500,000.

Mr. Charlton: Earlier I brought to the minister's attention a resolution that was sent in by the county council of Simcoe and endorsed by the Brant county council regarding the feed grain situation in eastern elevators. I have here a letter from the secretary treasurer of the Wellington county federation of agriculture which I am presenting on behalf of the hon. member for Wellington-Huron, who is unavoidably absent tonight. This resolution concerns the beef producers and their desire for more information in marketing reports given over the C.B.C. Perhaps I had better read it:

> That the Wellington county beef producers' association annual meeting request the marketing service of the federal Department of Agriculture give more information in their livestock marketing reports for radio broadcast. This information to include the number of cattle sold at the prices quoted. And that the information re the price quotation of cattle and numbers be taken from the sales office.

This is signed by Alex Anderson, the secretary treasurer. I am bringing this to the attention of the minister on behalf of the hon. member for Wellington-Huron, who is unavoidably absent.

I know the minister is aware of the feed grain situation. As I said earlier, I brought to his attention a resolution from the Simcoe county council and the Brant county council when the estimates were last being considered. The situation apparently is that the eastern elevators contain a high percentage of grains other than feed grains. There is not sufficient room for the storage of feed grain for the eastern Canadian market, and consequently it is necessary for the farmer to pay the extra freight that is entailed in bringing that grain down by rail after the water shipping season has ended.

I wonder if the minister could not do something about that situation. This is an extra cost to the feeders in eastern Canada, the extra freight on this grain, and according to reports there is some of the grain in the elevators that has been standing there for some time.

Mr. Gardiner: The matter of shipping grain of all kinds from the west to the east or from the west to any part of the country comes under trade and commerce, and much of it is regulated through the wheat board. Shipping in general is taken care of in that way.

So far as payments are concerned, we do make payments on the freight, whether it goes by water or whether it goes by rail. I think it is correct to say that there never has been any hold-up in so far as these particular payments are concerned, as a result of anything that has been done by this department. I am not in a position to explain all the intricacies of the trade as represented in trade and commerce, but I do know every effort is made to get as much feed grain as possible down to the east and have it stored in places where it can be distributed to the farmers as readily as possible. While there have been some complaints from certain areas, I do not think there has been a general complaint with regard to it.

Mr. Brooks: I notice that the amount this year is $15,500,000, the same as last year, and I am wondering whether any consideration was given to the fact that freight rates have increased during the last few months or even in the last few weeks. The fact that the amount for this year is the same as last year would mean the farmers in eastern Canada, and particularly in the maritime provinces, would be in a different position from what they were in the previous year. I wonder whether any consideration was given to the increase in freight rates which the railways have recently received?

Mr. Gardiner: Consideration has been given over the years to the increase in freight rates, and in so far as the freight on grain for the maritimes is concerned we have retained the assistance at the same level as it was prior to the changes that were made two years ago. The changes that were made two years ago applied to British Columbia and the central provinces. We base this upon the payments that are made to the maritimes, and try to keep the rates at the same level in the maritime provinces.

Mr. Brooks: But no consideration was given to the recent increase in freight rates?

Mr. Gardiner: Not to those that have taken place since that time, but consideration was given up until the change that was made two years ago.

Mr. Brooks: We would be in a different position this year from our position last year?

Mr. Blackmore: Mr. Chairman, I wonder whether the minister has conveniently at hand an account of the amount of grain that was shipped from the west down to the maritimes during 1955?

Mr. Gardiner: Total tons shipped in the fiscal year 1955-56—perhaps I had better give this for all the provinces, or I can have it placed on the record as it is here—to Ontario, total tons, 878,973; to Quebec, 1,049,588; to New Brunswick, 91,212.

Mr. Blackmore: Is that oats or barley?

Mr. Gardiner: It is the tonnage all told; to Nova Scotia, 133,398; to Prince Edward Island, 31,403; to Newfoundland, 18,800; to British Columbia, 214,657.

Item agreed to.

36. Agricultural lime assistance, $500,000.

Mr. Montgomery: Can the minister break down the amount of lime assistance given to each province? What is the freight assistance given now per ton?

Mr. Gardiner: For the last year?

Mr. Montgomery: Yes.

Mr. Gardiner: In 1955-56, to Prince Edward Island, 25,049 tons; to Nova Scotia, 41,036 tons; to New Brunswick, 30,514 tons; to Quebec, 261,355 tons; to Ontario, 41,625 tons; to British Columbia, 22,715 tons; to Newfoundland, 4,160 tons.

Mr. Brooks: What is the assistance per ton?

Mr. Montgomery: I just want to follow that up. I think the minister missed the other part of my question. What is the assistance per ton?

Mr. Blackmore: Where are the lime deposits?

Mr. Gardiner: It is $1.50. To answer the other question, there are lime deposits here and there across the country, and the lime is sent from the nearest deposit to the place where we ship it.

Item agreed to.

37. To provide for quality premiums on high grade hog carcasses and administration costs, $5,700,000.

Mr. McBain: Can the minister give us any information as to whether the department is giving consideration, or will give consideration, to the request of the hog producers for an increase in the subsidy on grade A hogs from $2 to $3?

Mr. Gardiner: Well, the department has given consideration to the suggestion that a change should be made in the payments as between B hogs and A hogs; but after giving it careful consideration we arrived at the conclusion that it would not be wise to make any change at the present time.

Mr. Smith (Battle River-Camrose): In view of the fact that hog production in Canada is going down, and because of the grade of hogs we have in the west, I wonder whether the minister would keep this under consideration for a while?

Mr. Gardiner: The matter of the premium?

Mr. Smith (Battle River-Camrose): Yes.

Mr. Gardiner: We have it under consideration all the time, of course, but we do not think it is wise to change at the present time.

Mr. Smith (Battle River-Camrose): I am talking of the future.

Item agreed to.

38. For assistance in construction of potato warehouses under terms and conditions to be approved by the governor in council, $25,000.

Mr. MacLean: I notice there is an increase of $15,000 in this item. Can the minister give us some indication of where this money is to be spent in the present fiscal year? When potato warehouses are built, is any consideration given to temperature control so those warehouses will preserve potatoes in good condition in hot weather as well as preventing them from freezing during cold weather?

Mr. Gardiner: No new warehouses have been put in since 1950. There is about $4,500 in Prince Edward Island and about $6,000 in Saskatchewan.

Mr. Brooks: None in New Brunswick?

Mr. Gardiner: None in New Brunswick.

Mr. MacLean: Would consideration be given to assistance in cases where it is considered advisable that temperature controls be installed in those warehouses to keep the temperature down in hot weather so that potatoes can be stored in good condition near the point of production, rather than necessarily in the large cities during the hot weather in the summer?

Mr. Gardiner: Yes, that is taken into consideration. Where we do give grants, they must meet the conditions in connection with temperature and things of that kind.

Mr. MacLean: Is that one of the requirements at the present time?

Mr. Gardiner: Yes.

Mr. Blackmore: The minister mentioned expenses in only two provinces. Are we to gather that the other provinces are equipped adequately with warehouses and that no more money is being spent in them?

Mr. Gardiner: No: we have had applications from only the two provinces.

Mr. Montgomery: Is assistance in the way of contributions to warehouses given only at ports where export shipments take place? What are the conditions that prevail?

Mr. Gardiner: No, it is not at ports; it is out in the country, or at any particular place where it is thought by the producers it would be helpful. In Saskatchewan, for example, it is out near Lumsden, and that is about in the centre of the province.

Mr. Montgomery: Must the applicant be a co-operative, or something like that?

Mr. Gardiner: Yes, the application must come from a co-operative organization.

Item agreed to.

40. To provide for administrative expenses, agricultural Prices Support Act, $89,650.

Mr. Smith (Battle River-Camrose): Mr. Chairman, I am wondering whether the minister has given any consideration at all to equalizing support prices on hogs across Canada?

Mr. Gardiner: Yes, we have given consideration to it, but we give that consideration having in mind the many applications that have been made in an attempt to equalize freight rates across Canada, and it would be very difficult to apply it to one product without applying it to others. One need only say that to realize the enormous amount of money that would be involved if we attempted to do any such thing in the movement of products generally across the country.

Mr. Smith (Battle River-Camrose): I am prepared to go quite a way with the minister on this, when one considers the pressure that is on us at the present time; but I do think that the hog producers of the province of Alberta are being called upon to face a situation which they should not have to face. For example, in the city of Edmonton the floor price for hogs is $18.50. Ninety per cent of the hogs that are exported from the province of Alberta go to the British Columbia market. It only costs $1 a hundred to move them out. I think the hog producers in the province of Alberta are actually being called upon to do something they should not have to do. Someone is making something on this.

In closing my remarks I urge the minister and his department to give serious consideration to trying to do something in the way of equalizing the support price on hogs throughout all of Canada within the next year.

Mr. Gardiner: As I said, Mr. Chairman, we have been giving consideration to the matter and we are inclined to think that probably Alberta is better off than any province. They are not far removed from the Vancouver market and their hogs can get there at a comparatively low freight rate. The price, too, is generally favourable on the coast. If we were to do what the hon. member asked, we would have to consider paying the freight on a much greater number of hogs that go down to the eastern market.

Mr. Smith (Battle River-Camrose): From Alberta?

Mr. Gardiner: No, from Saskatchewan and Manitoba. We deal, of course, with hog producers right across Canada, and provincial boundaries do not count in that kind of thing. As my hon. friend has said, over 90 per cent of the hogs move from Alberta to Vancouver, which is a relatively short distance; and few hogs, say 10 per cent, move from Alberta east. Practically all the hogs that are moved from Saskatchewan and Manitoba are moved to the east. I can assure the hon. member that freight costs on those hogs would be very much higher. If we tried to equalize out in Alberta we would be expected to equalize in the other provinces as well.

Mr. Smith (Battle River-Camrose): Mr. Chairman, I hope the minister will take this under advisement and study the problem, because I cannot yet see any justification for a floor price of $23 a hundredweight at Toronto and Montreal for the hog producers in Ontario, and the floor price of only $18.50 for the hog producers in Alberta. I shall drop it at this point.

Mr. Blackmore: Would the minister give us some idea why this inequitable disparity should prevail?

Mr. Gardiner: The disparity may prevail on the floor price but not on the price the farmer receives for hogs in Alberta as compared with the price received in other provinces. The price in Alberta is considerably more above the floor than is the case in the other western provinces.

Mr. Smith (Battle River-Camrose): Mr. Chairman, I cannot accept that, and I must

state that is a very debatable point. However, we shall continue with this discussion at another time.

Mr. Blackmore: Mr. Chairman, could the minister give some figures to justify the remark he has just made? We in Alberta do not feel satisfied about this matter. Could the minister give actual figures, for example, for the month of February or January at Alberta points and at Manitoba points? What the minister says is not in accordance with the information we have.

Mr. Gardiner: I am sorry, but I do not have the prices here. I have them on my desk over in my office. They come in every morning and are put on my desk. I do not check them every morning but I check them throughout the week, and we have studies made of them from time to time. I can assure my hon. friend, however, that the situation is as I have outlined it.

The hogs do sell on the western coast at a price that is at least as good as that which they obtain in other markets; this is true most of the time. The province of Alberta is able to take advantage of the Vancouver market. The market is too far away from Saskatchewan and Manitoba for the hog producers there to take advantage of it, and therefore any advantage there is in having that market goes to Alberta. I think that is generally understood by the trade.

Mr. Charlton: Mr. Chairman, I believe the minister will recognize the fact that much has been said about the amount of the subsidy that is paid to agriculture. According to the annual report of the department for the year ending March 31, 1955, the total amount paid at March 31, 1954 was some $80 million, of which the sum of $69 million was due to the foot-and-mouth epidemic in 1952, and this has to do with pork and beef. Another amount of $923,000 is charged up in the 1954-55 period and that brings the total to barely $1 million a year which has been spent on agricultural price supports not including beef and pork during the outbreak of foot-and-mouth disease.

The sum of $2 million is put aside by the government each year for this purpose, and apparently the sum of only $1 million a year has been spent. I think no one could criticize that too much, and I hope the urban people realize how little is paid to agriculture as compared with the amount paid to other industries across this country that are non-agricultural.

I did not give the figures for the end of 1954. The last report of the agricultural prices support board gives figures including the year ending March 31, 1955, and the sum of only $3 million more was spent in the 1954-55 period.

I think the minister should give some kind of statement concerning the amount of subsidy paid to the agricultural industry as compared to the amount paid to non-agricultural industries, because I am sure that coming from the minister this information would mean more than if it were to be given by an individual member of the house.

Mr. Gardiner: Well, Mr. Chairman, I thought it was not going to be necessary for me to say anything, because I understood the hon. member to be speaking favourably of the amount that has been paid out. I only wish to state that the total amount paid out over the years beginning with 1946, which was the first year there were any payments under this, is $89,196,061.31. That includes the figure for the 1955-56 period, which is a year in addition to the years for which the hon. member has just given us the figures.

That sum is made up of an amount of $2,036,000 on potatoes. I will just give round figures in most cases. It also includes $6,700,000 on apples, $194,000 on dried beans, $177,000 on extracted honey, $677,000 on dried skim milk, $155,000 on cheddar cheese, $8,542,378 on creamery butter, $673,194.39 on eggs, and on hogs, practically all of which came in the foot-and-mouth activities, $36,673,894.07. On cattle, again including the foot-and-mouth disease, it was $33,358,015.86, making a total of $89,196,061.31.

The fund is a revolving one in the amount of $200 million. We can, of course, utilize up to that amount each year to the extent that we get the money back into the fund again without drawing any more from the treasury. We simply draw from the treasury from time to time when it is necessary to do so and the sum of about $350 million has been utilized altogether. From year to year we get a certain percentage of it back into the fund from selling the products. There has only been a net amount spent of $89,196,061.31. That is the total for fighting foot-and-mouth disease and to carry on the other activities.

Mr. Charlton: Outside of the foot-and-mouth disease it would amount to about $1 million a year?

Mr. Gardiner: The total is about $19 million now.

Mr. Charlton: Over the ten years that is the total?

Mr. Gardiner: That is right.

Mr. Smith (Battle River-Camrose): Mr. Chairman, around May 3 I put on the record the actual cost of raising a hog from the weaning stage right up to the market stage, and I should like to ask the minister if during the coming year he will have one of his experimental farms make a careful survey of how much it actually costs to raise a hog to market stage. If the minister wishes he can do it on his own farm, taking everything into consideration except his own salary as cabinet minister.

Mr. Gardiner: This has been done a number of times at the Guelph agricultural college, but I do not know whether it has been done in the last two or three years. It has been done at the university at Edmonton and at quite a number of places. I am afraid if farmers were to follow the course followed in setting up these figures there would not be many of us producing hogs. I do not think it is fair to say that if you do not meet all the conditions set out in these figures no farmer is going to make money out of producing hogs.

Mr. Smith (Battle River-Camrose): The minister has just asked me to spend a little longer on this. The farmers of Canada are not raising hogs to the extent they did last year, and I think the minister knows that as well as anyone else. I should like to quote from the *Wheat Pool Budget* of July 27, which contains the following hog forecast:

> The number of hogs on Canadian farms as at June 1 was 6½ per cent below the previous year's figure, reports the dominion bureau of statistics and a continuing downward trend is forecast. In western Canada the reduction was 11 per cent. A June 1 survey showed a Canadian total of 5,680,000 head compared to 6,075,000 a year ago.
>
> This spring's pig crop amounted to 4,300,000 or 11 per cent less than the 1955 total. In the west the reduction was 14 per cent.

I do not wish to prolong this debate at all, but I submit to the minister that the reason for this is that the farmers in western Canada just cannot afford to raise hogs at the prices they are being paid.

Mr. Blackmore: Can the minister suggest an adequate reason why there should be that falling off in the production of hogs? I think in Alberta we have conditions which are probably as conducive to the production of hogs as can be found anywhere in the nation, so why should we have difficulty producing hogs?

Mr. Gardiner: I think the other side of the picture ought to be given. The last time we had these estimates before the house we were complaining that the price of hogs was down to the floor; as a matter of fact we were afraid that they were going to go through the floor. The price of hogs today and yesterday was about $29.50, or $6.50 per hundredweight above the floor.

This question has been discussed over a long period of time. If the number of hogs produced did go down very far it is due to the fact that the people who were in and out are out at the present time. Those of us who stayed in all the time have gained the advantage. The trouble with figuring on this basis as to whether a man makes money producing hogs is that there are many people like the fellow who tries to guess the time to get in and the time to get out. He has more difficulty; but those of us who go along producing hogs—and I may say for the benefit of my hon. friend that I have just as many sows as I had in the wartime, and so do nearly all the regular hog producers; they have not been in and out—are not in the position of those who went out at the end of the war.

That helped the fellow who went on producing hogs all the time because he had to. That is, they are making money. There are farms in certain parts of Canada which could not be run if they did not have hogs, but there are farms in other places where they can quit feeding hogs and produce something else.

Mr. Smith (Battle River-Camrose): I do not want to leave this without again asking the minister to make several surveys. I want to point out to him that the provincial co-operative association which has been in hogs for a number of years is not an in and out concern at all. I cannot accept the minister's argument at all.

Mr. Gardiner: The total hog production is up 8·9 per cent, not down; those are the marketings of hogs. It is true that they are down in western Canada but they are up in eastern Canada. I think my hon. friend understands the reason for that. Most of us in western Canada would rather produce wheat than feed hogs. When we can make enough to get by with the wheat that is what we do. There are other times when we feed hogs.

Mr. Smith (Battle River-Camrose): I certainly hope the minister is not under the impression that the wheat farmers of western Canada are in a position today where they can forgo the marketing of hogs because of the huge profits being made out of the marketing of wheat.

Item agreed to.

41. Prairie Farm Rehabilitation Act and water storage, $4,142,965.

Mr. Bryce: Will the minister review the work which has been done in northern Manitoba and particularly in the interlake country by the federal and provincial governments in an effort to lower the lake levels? Two years ago a survey was started to see if anything could be done to lower the level of the lake because so many people were being drowned out. At that time it was thought the survey would take five years, and the dominion and provincial governments were each to pay $150,000 per year for the five years. When I discussed the matter with the minister some time ago he agreed to do some checking into the matter so he could give me some up to date information when his estimates came up. Perhaps the minister can indicate what the position is and if the agreement has been signed.

I am anxious to have this information because I told some people back home that the agreement between the dominion and provincial governments had already been made, under which the federal government would pay one-half and the provincial government the other half, with the work being done by the provincial government. I want to get myself clear with my constituents when I go back. I thought this had all been arranged but some time ago the minister told me that he was not quite sure and would make some inquiries.

While I am on my feet and to save time, there is another matter I should like to raise. It is in respect to the P.F.R.A. helping the provincial government to run a ditch from Rembrandt to meet the Drunken river and thence into lake Winnipeg to take care of a lot of water they have in that district. There seems to be a lot of surplus water there, and a fair sized ditch would be needed to bring it into the lake. It would help do away with flooding in that part of the country.

I am informed that the public works department of the provincial government has done some survey work in this part of the country from Rembrandt to Arnes and thence into the lake. The great problem, of course, is the cost. I am informed on good authority that the provincial government is prepared to pay half the cost if the dominion government will give some consideration to putting up the other half. In fact, I am informed that $15,000 was put in the Manitoba estimates for this work if the federal government would agree to pay the other half.

I want to appeal to the minister at this time to have the officers of his department look into this matter and see if it would be possible for the federal government to comply with the request to have the ditch built to drain this part of the interlake country.

[Mr. Smith (Battle River-Camrose).]

Mr. Gardiner: Mr. Chairman, as a matter of fact we do not take the responsibility for drainage in any of the provinces. Even in the area that is under P.F.R.A. in Saskatchewan, Alberta and Manitoba we do not take the responsibility for drainage. That is considered to be a purely provincial matter, as in all the other provinces of Canada. The area between the lakes in Manitoba is not even under P.F.R.A. The boundary line, as my hon. friend knows, strikes the south end of lake Manitoba and then runs almost directly across to the Red river. The area south and west of that line is in the P.F.R.A. area. The works concerning which we have agreed to pay dollar for dollar with the province of Manitoba are over on the west side of lake Manitoba. Some of the streams drain into Dauphin lake and some into lake Manitoba.

But in those cases where we have gone out of the Assiniboine river drainage basin we have only gone there where the waters have their origin in the national park and flow out from the park on to some of the land. In those instances we have agreements with the Manitoba government under which we spend a certain amount. That has been going on for some years. In the year we are now in the amount being expended is $150,000, as was suggested. At the time we were discussing this before I was in the hope that we would have an agreement extending over three or five years, but that has not materialized. We have made agreements year by year, and last year's expenditure was $150,000. I presume this one will be about the same, and we may go on for some little time under that arrangement.

But, as was said, the Manitoba government carries out these works. We pay all the engineering cost and half the cost of the construction work that is done and our expenditure, as was suggested, is about $150,000. With respect to the other drainage in between, we have no part in that unless it be that the province asks us for some engineering help. We might do that, but we take no part otherwise.

Mr. Bryce: You would not look favourably on giving us a little money to help us to get that ditch?

Mr. Gardiner: We do not.

Mr. Bryce: But would you look favourably on it?

Mr. Gardiner: We will treat Manitoba exactly the same as we treat all other provinces. I will look that favourably upon it.

Mr. Bryce: There should be something done there. If it could not be helped I would not make the request, but if a ditch is put in there it will drain that country and allow people to earn their own livelihood without coming to the minister and asking for assistance under P.F.A.A. It is only a matter of $15,000.

Mr. Gardiner: This house has not voted me any authority to spend any money on drainage.

Mr. Bryce: I am asking for assistance and help, and I am asking you to let your department go a little bit farther north and do something about it. That is the work of the P.F.R.A.

Mr. Gardiner: No, that is not a prairie farm rehabilitation area.

Mr. Bryce: Then I do not know what it is. They are producing grain, and I think they have all the qualifications necessary to qualify.

Mr. Nicholson: I wonder whether items 41 and 42 could stand. The hon. member for Assiniboia has some remarks to make but he is at another meeting. I could speak for half an hour, but I think it would facilitate the business if we allowed these items to stand and went on with the others.

Mr. Gardiner: That is quite all right.

The Deputy Chairman: Is it agreed that items 41 and 42 stand?

Some hon. Members: Agreed.

Items 41 and 42 stand.

45. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $850,000.

Mr. MacLean: Would the minister be good enough to give a further word of explanation in addition to what is in the details? I should like to know particularly where the money is chiefly being spent and under what conditions areas qualify for benefits under this item. Does it apply only to crown land or some scheme in which a provincial government is interested, or might it also apply to privately owned land in the case of a co-operative or a group of farmers?

Mr. Gardiner: This amount is voted for special projects that may be in any of the provinces across Canada, and we only make expenditures where we have entered into agreements with the provinces. The northwestern escarpment region is the Riding-Duck mountain watershed which I was talking about a few moments ago. There is $150,000 for the watershed in the Porcupine forest reserve. That is the amount in the estimates for that. Then there is the Saskatchewan river reclamation project in the Pasqua area. It is the Saskatchewan river but it is in Manitoba, and the amount for the work being done in the Pasqua area is $500,000. Then there is an unallotted amount of $200,000 covering situations that did not exist when this was drawn up. Of that amount $125,000 has been allotted to Newfoundland.

Mr. Blackmore: What is the nature of the work being done on the Saskatchewan river? The minister said that $500,000 was being spent there. On what kind of work is that being spent?

Mr. Gardiner: It is a project down toward the mouth of the Saskatchewan river in the province of Manitoba, where there is flooding in the spring of the year. When the water is high at any time of the year there is flooding. That is being diked very much in the same way that we diked lands in the maritime provinces to keep the ocean out. This is being diked to keep the river out. The Manitoba government asked us to do that work on their behalf. We do it and pay for it and then we are paid back from the sale of the lands in that area behind the dikes. I should say that 75 per cent of what the lands are sold for comes to us and only 25 per cent goes to the province. Over a period of years the greater part of it will be paid back.

Mr. Blackmore: In many places we find that where a river makes a rather sharp bend it tends to cut into the bank and cause caving in of the soil above the cut. Has the minister any policy for taking care of situations like that? Sometimes a number of acres will fall right into the stream.

Mr. Gardiner: Again that is pretty much a provincial matter unless it is a navigable stream. The federal government does take action in connection with any matter of that kind, and even on the Assiniboine river not very far removed from these other works we have done diking and in some places we straighten out the stream. Where we straighten out the stream that is done because that stream has always been rated as a navigable stream and the work was originally carried out by the works department. Three or four years ago the vote was transferred to this department and the work is done under P.F.R.A. but it is the same type of work.

This particular piece at Pasqua is not that type. The whole province of Manitoba has been built from the old lake Aggasiz which constituted practically the whole area which

is now Manitoba; the earth had been washed down from the mountains. That is still going on at the mouth of the Saskatchewan river before it flows into the lakes and if dikes were not put there it would rise up and flood and leave another layer or maybe two or three inches of earth; and in due course over a long period of time they would flood. But the government is stopping the flooding now in order that farmers can go in and work that land.

Mr. Blackmore: Suppose a province had a particularly difficult situation on its hands and it sought the assistance of the dominion in dealing with the problem. Does the dominion enter into the picture in a situation like that?

Mr. Gardiner: That is what this vote is for. Where a province makes application and where it is prepared to spend a certain proportion of the amount, we enter into an agreement with it.

The Deputy Chairman: Shall the item carry?

Mr. Zaplitny: I understand, Mr. Chairman, this would be the correct item under which to inquire with regard to the special projects in the province of Manitoba which I have discussed on one or two other occasions. I should like to ask the minister at this time if he is in a position to inform the committee as to what specific projects in regard to flood control are being undertaken in the province of Manitoba, more particularly in the northwest portion in the run-off area of Riding mountain and Duck mountain.

I might say that I have inquired on one or two occasions of the minister of agriculture of the province of Manitoba and he has informed me that for one reason or another which I shall not go into now, he would prefer that the information be given by the federal government rather than from his own office. Specifically, I should like to know what projects are being undertaken this year or will be undertaken this year in the area north of Riding mountain and east of Duck mountain.

Mr. Gardiner: I read those a few moments ago; I do not think my hon. friend was in the house at the time. Riding-Duck mountain watershed and Porcupine forest reserve, $150,000; Saskatchewan river reclamation, Pasqua area, $500,000. The other amount that is being allotted is down in Newfoundland.

Mr. Zaplitny: It so happens, Mr. Chairman, that I was aware of that. What my question refers to is this. Specifically what is being done with that $150,000? That is information which I am not able to obtain from the provincial department of agriculture. This therefore seems to be the only place where it can be obtained. As a matter of fact that is the advice I received from the minister of agriculture of Manitoba. He referred me to the federal department on account of the fact that, according to him, these projects must be approved by the federal government before their contribution can be made. I should like to know specifically what is being done with the $150,000 this year.

Mr. Gardiner: The agreement that is entered into with the province which results in a dollar for dollar expenditure is made for an amount to cover a certain area. The province determines where that money is going to be spent and they spend it, as a matter of fact, on the works around Dauphin lake on both sides of Riding mountain. That money is spent by the provincial government and they bill us with half the cost. Hence they have more information about it. Until the work is actually going on or until we are billed we have no information; that is we have no final information. We do the engineering, and from that we have some idea as to what they are going to do.

Mr. Zaplitny: I am inclined to take the same view as the minister in this regard. That was my understanding also. But may I quote to him a portion of a letter that I received from the minister of agriculture of Manitoba dated July 5, in reply to an inquiry of mine. In that letter he said:

> I suggest you inquire from either Mr. Matte in Ottawa or directly from Dr. L. B. Thomson, the director of P.F.R.A., who will be at liberty to inform you of those projects that are acceptable to P.F.R.A. and possibly to inform you what projects are under consideration by federal authorities at the present time.

The situation seems rather strange with regard to that information. If it is not available from the province of Manitoba and if it is not available here, and if there is an amount of $150,000 to be spent for these special projects, where are we to obtain that information?

Mr. Gardiner: If this $150,000 is spent you can get the information from here as to where it is spent, because we will not pay it unless we know where it was spent and how it was spent. But to ask us at this stage where it is going to be spent and how it is going to be spent is useless. I cannot give you the information. Probably the Manitoba government cannot give it to you, either.

Mr. Zaplitny: I am hardly satisfied with that answer, Mr. Chairman. We have now reached the third day of August. As the minister knows, with the kind of season we

have in western Canada on the prairies, any work that is to be undertaken this year will certainly have to be at least in the blueprint stage by August 3. The authorities are not going to wait until October 1 to make up their minds what projects they are going to undertake. We have a rather short summer out there.

I do not want to pursue this subject unduly or to weary the committee, but I should like to have it established clearly where this information is supposed to come from. The provincial department refers us to the federal department, and we have just been referred back to the provincial department. Somewhere in between someone must know what is being planned.

I strongly suggest that it is not good enough to say that perhaps the province does not know either. If they do not know by July 5, and if the federal department does not know by August 3, then when are these projects going to be outlined and planned? If the minister takes the stand that this information must come from the province I shall have no reason to pursue this matter further today. But somewhere in between, I think, the two departments will have to get their heads together and make up their minds who is responsible for getting this information out. Inquiries are coming in.

I might say that this matter does not concern my own constituency alone. It refers to a great extent to the constituencies of my friends the hon. member for Portage-Neepawa and the hon. member for Churchill. These inquiries have to be answered. I see no reason why this matter should be kept as a sort of military secret. We are in the month of August and no one seems to know what is going to be done with this $150,000. I will ask this specific question of the minister. Does the minister take the stand that this information should be forthcoming from the provincial department rather than from his department?

Mr. Gardiner: No, I am not going to take any such position. I have told my hon. friend that neither the provincial government nor this government can give him detailed information with regard to the expenditure of this $150,000. Neither of them can do so at this moment. We have made an agreement with the province under which we are prepared to pay half the cost up to $150,000. They may spend $1 million. I do not know what they are going to spend. However, we will pay only our share of $150,000. So until that work is completed and we are billed for it, we do not go into the details. We go into it then and check it. I am not able to give you the information. I do not know whether or not the provincial government are able to do so. If they say they are not able to do so, I presume that they are in the same position as we are at this moment.

Mr. Zaplitny: Then do I take it that what the minister is saying is that the provincial government have not yet informed his department what projects they intend to undertake?

Mr. Gardiner: No, that is not correct. They may have told us what projects they are going to undertake, and we may take note of them. Then they go on and spend money on these projects. Perhaps a million dollars is too much to say they would spend in Manitoba on that kind of project this year, but suppose they spent $500,000. They only bill us for $150,000, that is the outside figure. If they only spend $200,000 they will only bill us for $100,000. So we do not know yet for what amount we are going to be billed. As I stated a few minutes ago we do the engineering; therefore our engineers are in a position when they do bill us to give us full information as to how the money was spent before we make the payment.

Mr. Zaplitny: Does that mean then, Mr. Chairman, that the province is free to undertake whatever projects in their opinion are desirable, and after having completed them to bill the government for anything up to $150,000 as the federal government's share of the cost of those projects? If that is the case, then of course I can see some reason for the minister's lack of information as to what is being done or planned. My understanding had been that before these projects were undertaken, and before expenditures were committed by the provinces, the provinces had to obtain the approval of the federal government for the kind of project being undertaken. Is that the case or is it not?

Mr. Gardiner: No, the responsibility for this work is primarily with the province. The province comes along and says, in this particular place you have a park and the reason so much water is coming down over this land is because that park is there. They say they would like us to help, and over a considerable number of years the matter has been taken up in that way, the way I have just suggested, with whatever government was here. After doing that for a considerable number of years we eventually agreed that we should probably pay something toward it. They go ahead and lay out the work and we say to them, the limit we will pay you is $150,000. You have to turn over to us the particulars and the record of expenditures you have made; and when we are billed with that amount of

money, then we make the payment. The maximum we will pay is $150,000. It may be down as low as $75,000 or $50,000, or it may be the whole $150,000. However, until they have gone through the work and billed us for our share, we are not able to give particulars about it. The responsibility is theirs and not ours at all.

Mr. Zaplitny: I understand the responsibility for initiating these projects lies with the province but my specific question is—

Mr. Gardiner: I know what your specific question is and I know what you want me to say, but I am not going to say it.

Item agreed to.

46. Maritime Marshland Rehabilitation Act, $1,920,601.

Mr. Purdy: I just want to say a word with respect to this maritime marshland scheme. This is a project which has been carried on in the maritime provinces for a number of years. I know that in my own constituency it has already done a tremendous amount of good. You can see a considerable increase in the livestock population. I have every reason to believe that similar circumstances exist in other parts of the province. I hope the work will continue to go forward.

I may say that it seems to me when the engineers first undertook this project they were dealing with something about which they did not know very much. They had not the experience, coming from the west as some of them did, with the tides of the bay of Fundy around which these projects are located. However, they are beginning to become acquainted with the problems and I think the work is now being conducted in a very efficient manner.

In this connection I have before me a resolution which was passed by the Nova Scotia federation of agriculture at its annual meeting at Truro last December. This is resolution No. 2 and reads:

> Whereas loss from fresh water erosion continues to be a serious problem to farmers throughout the province, and
>
> Whereas there is no provision made to control fresh water erosion as it affects farm land,
>
> Resolved that the federation of agriculture petition the provincial and federal authorities to enact legislation similar to the marshland reclamation act to control fresh water erosion of agricultural land.

My request tonight, Mr. Minister, now that we have a very efficient organization of engineers working on the marshland problem, is that thought should be given to some sort of similar scheme for work on the valleys of our rivers in the maritime provinces where every year, with every flash flood and every freshet in the spring, we are losing a good many acres of very valuable land. I suppose it could be said that there is a water act under which the federal government will pay 35 per cent and the provinces and municipalities will pay the rest, in order to control floods. I am afraid, however, that there is little chance of any work being done under that act.

We have this engineering staff down there and I know there is a big problem on such rivers as the Salmon, the Shubenacadie, the North, the Stewiacke, the Musqodobit, the Nine Mile and many others. As I say, each year the farmers are losing a lot of their valuable land. I am just asking the minister if he will take under advisement having his engineers, when they are around these other projects, study the nature of these valleys. There are members of the staff there who could develop some workable scheme that would be of immense value to our agriculturists in the maritime provinces.

Perhaps I might also come back to the suggestion of the Prime Minister, that if the Atlantic provinces produce a scheme for their general good the federal government would give serious consideration to it. I am suggesting that possibly this scheme which I have suggested for the benefit of agriculture in those provinces would be a good place to start.

Mr. Nowlan: There are one or two questions I should like to ask about this, and then having obtained some information about the present situation there is something I should like to say with respect to the future. I notice the amount is reduced by $295,000 this year over last year. Incidentally I might say that I approve and entirely agree with everything the hon. member for Colchester-Hants has said about the value and the contribution which this expenditure has made during the years.

I wonder if the minister could tell us what projects are proposed for this year. I notice that the total reduction is $295,000, and of that the reduction in the acquisition of property and construction is $250,000. I take it, therefore, that the construction work which will be carried on this year will be approximately a quarter of a million dollars less than that which has been carried on heretofore. I wish the minister would tell us just what he is proposing to carry out under this expenditure.

I should like to have him tell me also something of the problems with which I know he is confronted occasionally. As we know, there are times when substantial amounts of money have been spent in the recovery of certain dike lands, and when they have been offered to the adjoining owners the cost of the project

has been such that the owners felt they could not purchase the property. At least that was the situation some years ago. I am wondering if there are properties still on the hands of the department or what has been done with respect to those lands which have been reclaimed by this expenditure? I know, for instance, of one very large lot of dike lands in my own constituency in respect of which the farmers felt that if they had to pay back the amount expended it would probably cost twice as much as the land was worth.

I suspect there have been problems such as that, and I should like to know whether the department do have properties on their hands today, or whether they have handed them all back to the farmers. If so, on what basis? After the minister has answered that I should like to make one comment about the future.

Mr. Gardiner: As to the first question, about what is to be done this year, because we have no large project like the Shepody river project of last year, which was completed—

Mr. Nowlan: Which river was that?

Mr. Gardiner: The Shepody river.

Mr. Nowlan: That is where?

Mr. Gardiner: In New Brunswick.

Mr. Nowlan: Can you tell us what projects you do have in contemplation?

Mr. Rowe: It would be interesting to know what projects are in contemplation for next year.

Mr. Gardiner: So far as we have them at the present time—there may be some change—they are the Mantua-Poplar grove marsh, $98,000; Bartletts Beach marsh, $46,000; Brown Salt Pond marsh, $35,000; Goose Bay marsh, $45,000; Kentville marsh, $40,000; Elderkin marsh, $19,000; College Bridge marsh, $47,000; Turtle Creek marsh, $12,000; Jones Creek marsh, $8,000. The first six of these are in Nova Scotia and the last three are in New Brunswick.

Mr. Nowlan: Two of them are next door to me. Can the minister say anything about the lands? Has he had that problem?

Mr. Gardiner: The arrangement we have with the province through the legislation which was passed here and in the province is to the effect that we are responsible for the building of the dikes. The province is responsible for getting the right of way for the building of the dikes and for the drainage in behind the dams and taking care of anything that has to do with that. I think all the difficulties referred to, that is correcting the situation in relation to lands which are required for the work on the dams, are cared for by the province.

Mr. Nowlan: You have no problems at the moment so far as lands are concerned?

Mr. Gardiner: No, we have not.

Mr. Nowlan: Mr. Chairman, I have one other comment that I should like to make in connection with this. It is a matter that I raised with the minister two years ago, I think it was. He said at that time that surveys were in process. The minister will probably recall, although he naturally cannot be conversant with all these details, that there has been a suggestion along the Annapolis river that instead of maintaining the dikes on each side of the river there should be co-operation between the provincial and federal governments in the erection of a dam or causeway across the Annapolis river which would conserve about 25 or 30 miles of marsh on each side of the river from Annapolis Royal up beyond Bridgetown.

The minister told us a year or two ago that some surveys had been continued to that end, and I am wondering whether there has been any further progress in that direction. I think there may be, Mr. Chairman, because I heard of one or two persons who are buying property along the place where the proposed dam would be erected, and I think possibly they may be a little bit optimistic in thinking the dam will be constructed.

In the not too distant future there will undoubtedly be an opportunity there to save substantial sums of money in the maintenance of those dikes, although actually in the meantime I think the minister under this project has rebuilt quite a few of the dikes. Even so you have, as I say, probably 25 miles of dikes running along each side of the river; and if, as the minister intimated two years ago, the surveys indicated that a dam was feasible, then by building a relatively short dam across the river one could avoid the necessity of maintaining 40 or 50 miles of dikes.

I am bringing this to the attention of the minister now particularly because in a letter I had from an engineer, who is resident in the constituency and near this point, he told me that in his opinion the situation is such that the bridge across that river will require major repairs and probably reconstruction within the next four or five years. It would seem to me that if anything is ever going to be done on this project, it should be done in the relatively immediate future when, by the combination of a bridge and a causeway, the minister could effect co-operation with the provincial government in so far as the department of highways is concerned.

If you put a bridge across the river it will conserve a tremendous quantity of marshland and also save current expenditures, which will be substantial, on the dikes running up and down the river for many years to come. I would like the minister to tell us what the situation is at the moment.

Mr. Gardiner: Well, the situation is that it is possible to build the dam across the mouth of the river and to prevent the sea from coming in. It is a combination of two things. The sea comes in, as my hon. friend knows, and creates a sort of greasy mud situation which is not very good to look at and not very useful for any purpose. Therefore in most cases we simply build the dikes and keep the water out. Along the river we have been doing that, at least it has been done in past ages by people who were there, and we have taken it on recently and are considering building the dams up along the river.

The suggestion is that instead of doing that we should build a dam right across the mouth of the river. There is a bridge there which is not in very good repair, and probably would have to be rebuilt. I think the provincial government have estimated that it is going to cost them $1 million to put the bridge in and maintain it. They have said they are prepared to pay $1 million toward the building of the dam, the total cost of which would be something over $3 million, about $3,500,000. Some people argue that the cost is so great, as compared with the amount of farm land that is going to be put into use as a result of having built it, that it is out of all proportion.

There are some who take the position that that is not the right way to look at it. Up to now the discussions have gone on, but no conclusion has yet been arrived at as to whether it will be proceeded with or not.

Mr. Nowlan: Discussions are going on between the provincial and federal governments?

Mr. Gardiner: Yes, still going on.

Mr. Nowlan: If the estimate of $3 million is relatively or approximately correct—we understand, of course, that estimates have a wide margin of error—then I think it would be a worth-while expenditure to make, because I am quite sure that if this marshlands reclamation project is continued and the minister continues to make expenditures on the running dikes on each side of that river over a period of years, the money he will expend in maintaining those dikes will be far more than the interest and service charges on the $2 million which his department has suggested it might have to spend in constructing the dam.

I think the province drove a remarkably good bargain with the Minister of Transport over the building of the *Bluenose* some years ago. They said they would pay one-third or up to $1,500,000. I think they are driving a fairly good bargain now. I suggest they cannot replace that bridge, which is probably the longest bridge in Nova Scotia, to modern specifications for $1 million. If the minister explores with the provincial government the proper field of co-operation, then I think the province might possibly raise its ante a little, and he would find that he could have a co-operative enterprise under which not only would he have the dam to keep out the tide, not only would he have reclamation dikes, but also, if the causeway were properly constructed, he would have a fresh water lake running from the bridge as far up as Bridgetown which would provide building and other accommodation which I am sure would more than justify the expenditure which is proposed. Frankly, I think if they got away with $5 million instead of $3 million they would be remarkably fortunate. But even so I think the expenditure would be justified.

Mr. Brooks: May I ask the minister one further question. Will he give us the total amount paid out by the federal Department of Agriculture under the Maritime Marshland Rehabilitation Act and also the total amount paid out under the Prairie Farm Rehabilitation Act?

Mr. Gardiner: The total amount paid out under the maritime marshland reclamation scheme is $10 million.

Mr. Brooks: That is since the act was passed?

Mr. Gardiner: Yes; in Nova Scotia about $5 million and in New Brunswick about $5 million.

Mr. Brooks: How much under the Prairie Farm Rehabilitation Act?

Mr. Gardiner: On P.F.R.A. alone is about $66 million.

Mr. Brooks: It is more than that, is it not?

Mr. Gardiner: Taking into account the large projects it is about $96 million.

Mr. Blackmore: Mr. Chairman, I would like to refer to the matter raised by the hon. member for Colchester-Hants in respect to engineering projects that would help to prevent fresh water erosion of soil in Nova Scotia. I noticed that the minister's attention was directed to another questioner and therefore he did not reply to the hon. member for Colchester-Hants. I wonder if the minister could tell us whether or not there

are some plans in operation in Nova Scotia for the prevention of fresh water erosion of the soil?

Mr. Gardiner: The answer is just the same answer I gave to the hon. member for Selkirk a while ago. That is a provincial matter, and that is true of fresh water drainage right across Canada.

Mr. Blackmore: It does not refer to drainage, Mr. Chairman, but to the prevention of fresh water erosion of the soil.

Mr. Gardiner: It is all the same thing.

Mr. Blackmore: Is there any arrangement for co-operation between the dominion and the provinces in respect of matters of that sort?

Mr. Gardiner: No. The only place there is any arrangement at all with regard to these matters is in the P.F.R.A. area, apart from where we enter into agreements under the other vote we were discussing a few moments ago. We enter into these agreements in any province where the province meets the conditions. We spend money there, but there is no definite legislation. It is assumed that the provinces have the responsibility under the British North America Act.

Mr. Blackmore: May I suggest to the minister that in my opinion he should make provision for co-operation between the dominion and the provinces in respect of matters such as the prevention of fresh water erosion in the maritime provinces.

I thoroughly sympathize with the maritime provinces for looking with a somewhat critical eye at the large expenditures which are being made under the P.F.R.A. The expenditures there are not excessive; in fact, they have not reached what they ought to be yet, but they are a great blessing to western Canada. I think there ought to be similar provisions in respect of land in the maritime provinces.

May I remind the minister that the maritime provinces are not usually as able financially to bear a share of such expenditures as even the western provinces would be. If the western provinces had to take care of the financing of P.F.R.A. projects they simply could not be financed, because the western provinces would not be able to finance such expenditures.

May I suggest in all fairness to the maritime provinces and in the interest of equality across the dominion that provision ought to be made for assisting the maritimes in a very generous way in respect of preventing fresh water erosion in the soil.

Item agreed to.

67509—444

47. Prairie Farm Assistance Act administration, $502,137.

Mr. Dinsdale: Mr. Chairman, the minister is well aware that there are perennial complaints concerning the Prairie Farm Assistance Act, particularly in the province of Manitoba. When the session began this year we anticipated that some amendments might be made to the act which would have solved some of these difficulties. Unfortunately these amendments have not been brought before us, and I would just like to briefly bring to the attention of the minister once again the major points of complaint concerning the administration of the P.F.R.A.

The problem that reaches me quite regularly is that of crown lands where no assistance is payable in cases of crop failure. The complaint arises because notwithstanding the fact that farmers operating on crown lands are forced to contribute to the P.F.A.A. fund, when they need assistance they are not permitted to receive it under the regulations. I understand that V.L.A. land is the only crown land that is exempted from this particularly discriminatory regulation.

There is also the other problem that has arisen as a result of repeated flooding in the area of the Assiniboine valley. Some of the farmers along the Assiniboine valley have suffered crop failures as frequently as three years in succession, with the result that they have had to seek employment off the land. Unfortunately when they have earned income other than from the operation of their farms they are automatically disqualified from receiving payments under the act. This is a special problem. I do not know whether the special cases could be taken care of by regulation under the act, but it is a problem that occurs frequently enough, especially in Manitoba, to require some attention.

Then, of course, in contemplating any amendments to the act there is the fact that the present rates of payment were established in 1939 with a maximum of $500, I believe, and $2.50 per acre. Those figures are out of touch with reality in terms of today's inflationary conditions. I feel that any amendments contemplated should take into consideration the changes in the value of our money and the effects of increasing inflation, and should be designed to place the scheme in a more equitable position.

In Manitoba we are faced with an additional special problem. It is well known to the minister that we always contribute more to the fund than we are able to withdraw because there is not so much marginal land in the province of Manitoba. As a result of the situation the provincial authorities appointed a commission to consider the possibility of establishing some sort of an insurance scheme.

That commission reported, and the essence of their report was that it would be impossible to operate a crop insurance program by one province. Any adequate crop insurance coverage would require the co-operation of the three prairie provinces. The report intimated further that any initiative in an attempt to bring the three provinces together to make a more comprehensive insurance scheme would possibly have to come from the federal authorities. I wish the minister would comment on that particular aspect of the commission's report.

Finally, Mr. Chairman, there is the special problem which has also arisen from recurring floods in Manitoba. Some payment was available from the prairie farm assistance fund, but there has been almost universal complaint that the payment of $1.25 per acre has hardly been adequate to meet the disastrous effects of the flood conditions.

If I might be allowed while I am on my feet to deal with a matter out of order, Mr. Chairman, I would like to proceed with it. We have stood item 41, but I think it will save time if I speak about this now. I would like to direct this question to the minister because I think some attempt to deal permanently with flood conditions would be a much better scheme in the long run than attempting to meet the cost of damage resulting from annual flood conditions. This, of course, must be taken up under the prairie farm rehabilitation scheme.

The minister is well aware that farmers in Manitoba have become very active in seeking a solution to this problem of flooding. During the Easter recess I attended a meeting at which the director of the P.F.R.A. spoke, and he made a very excellent presentation and helped to clarify my thinking as to a solution to this problem. He placed the responsibility for initial action squarely on the provincial and municipal authorities, and he was supported in this approach to the problem by the hon. member for Portage-Neepawa. The hon. member conducted a survey of flooding on the Assiniboine when it was at its height during the recent spring condition.

The Deputy Chairman: I hesitate to interrupt the hon. member, but items 41 and 42 have been allowed to stand. I think it is obvious that they will not be carried tonight. We are in the middle of a discussion of item 47, and I think perhaps it would be fairer to hon. members who have delayed their remarks on item 41 if we were to continue with this item and then the Prairie Farm Rehabilitation Act would be open for discussion when it is called again. If the hon. member agrees I think that would be fairer to other hon. members of the committee.

[Mr. Dinsdale.]

Mr. Dinsdale: I can put my question in the next sentence and that will save a speech on item 41. I was saying that the hon. member for Portage-Neepawa had interested himself in this problem, and he indicated that the initial action would have to be taken by the provincial authorities if we are going to get any solution for this problem of annual flooding. I should like to have a confirmation of the viewpoint expressed by the director of the P.F.R.A. as well as by the hon. member for Portage-Neepawa.

Mr. Gardiner: Mr. Chairman, as to the last question I think we had better leave the answer to that until other hon. members have presented their case. In so far as item 47 is concerned, I should like to call attention to one or two things. First, for the first time we have paid out a greater amount in Manitoba than the 1 per cent levy that has been paid in. In 1954-55 the amount collected under the 1 per cent levy in Manitoba was $748,694.05 and the amount paid out was $5,009,814. That is largely due to the fact that the act was amended to cover such conditions as we had in 1954. The 1955 amendments made it possible to pay where it was not drought that caused the damage, and so from now on the Manitoba position will be different from what it has been in the past. I just wanted to say that so hon. members might examine the figures and find what had been paid out.

That does not apply only in Manitoba, it applies to the eastern side of the province of Saskatchewan. Drought is the big problem in the western and southwestern portions of the province, it is not so much a matter of submarginal land. My hon. friend referred to the fact that there was not as much submarginal land in Manitoba as there was in Saskatchewan. In that area I am not too sure about that. The reason we apply this act to a township rather than to individual farms is to eliminate the submarginal land. The fact that there has been a crop of more than 8 bushels to the acre in a whole township prevents a man coming in who has poor land and that is the reason his crop is down rather than the weather. Those are facts which are sometimes forgotten when we are discussing this matter.

Then there was the other question as to the value of the dollar. That was not the main thing taken into consideration when the act was set up. The first thing was that we based it on so much per acre, but the other was based on so much grain produced on the acre. When you take into consideration the price of grain now as compared with the price then and add the two things together, you

find that the amount of money paid now more than takes care of the difference in the value of currency at this time as compared with when the act was set up.

Then the statement was made that some people do not like not being paid when they have land and are engaged in some other line of activity. If a man is actually on a farm, if farming is his main operation, then he comes under the act. He can go to work for a neighbouring farmer or go out threshing, but he still comes under the act for payment. But if a man is carrying on farming but his main occupation is that of a merchant he is not paid.

The whole objective of this legislation was to make it possible in a dry year for the farmer to pay his store bill. When he pays his store bill the storekeeper is presumed to get as great an advantage from the act as does the man who has a store bill to pay. It is not intended that the amount paid will be any more than the average store bill. The act was set up to help not only the farmer but the merchant in the small town. Therefore we say that if a man is a station agent or is running an elevator or is in the business of selling commodities, he is taken care of in other ways than under this act and we do not pay him.

I agree that there have been some complaints in Manitoba as well as in the eastern side of Saskatchewan. The reason is that most of these people have come in for the first time, and we get many complaints from storekeepers and others. But where they have been in since 1939 we find there are not the same number of complaints. We always get complaints when a new district comes in, and until they have had experience with the act we will continue to get them. But after they have been under the act for a few years, as it is now in Manitoba, there are not the same complaints made.

Mr. Dinsdale: What about the farmer in a dry area seeking supplementary employment off the farm when the farm is in a flooded area? A man may have a crop failure and take temporary employment, for example in the oil fields around Virden. This is the area where most of the complaints have originated. They have been denied payment under the act because they have been in receipt of income from other than agricultural activities, but this employment has been temporary in order to meet an emergency.

Mr. Gardiner: The act provides that in order to draw under it a man must be actually engaged in farming from about May 1 to the end of November. If he goes away at the end of November and takes a job he has to be back on the farm in the spring before he is paid. The intention of the act is to make it possible for a man to stay on the land and to be there to produce a crop next year, having lost one this year because of drought. That is the intention. If he merely goes away in order to be able to live and comes back in the spring to put his crop in again and stays there he will be paid after he comes back, but not until he does come back.

Mr. Green: Mr. Chairman, obviously we cannot get through tonight. I call your attention to the fact that it is ten o'clock.

Mr. Harris: Do I understand that the item we have been discussing is carried?

The Deputy Chairman: Is it the wish of the committee that item 47 carry?

Some hon. Members: No.

Mr. Nicholson: There was a general desire to finish agriculture tonight, and if we are to finish by a week from tomorrow we really have to finish this tonight. I think we could sit a little longer.

Mr. Green: Mr. Chairman, we agreed to sit until eleven o'clock and it is past eleven o'clock now. I think we should call it ten o'clock.

The Deputy Chairman: Without unanimous consent I think I am in the position that I must rise. Is there unanimous consent to continue?

Mr. Green: No.

Progress reported.

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

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take the remaining agriculture estimates, then transport and then justice. On Monday we shall take the legislation on the order paper in the following order: the resolution with respect to the Unemployment Insurance Act, the international wheat agreement, the bill to amend the R.C.M.P. Act, the bill to promote equal pay for female employees, the bill to amend the Income Tax Act, the bill to amend the Post Office Act, the bill to amend the Public Service Superannuation Act and the bill to amend the Customs Tariff.

I should say, Mr. Speaker, that it has been agreed that the international wheat agreement resolution will be dealt with by one speech from each of the parties in the house and that after that has been done Your Honour will put the question.

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

Question

ANSWER TO QUESTION

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

PUBLIC SERVICE, REGINA—WORKING HOURS

Question No. 578—**Mr. Ellis:**

1. Are there any employees of the federal government in the city of Regina who are not yet working on a 40-hour week?
2. If so, what is the number and classification of such employees?
3. What is the reason for such employees being denied the 40-hour week, and when is it expected all federal government employees in Regina will be so included?

Answer by: **Hon. Roch Pinard (Secretary of State):**

1. Yes.
2.

Cleaner and helper	4
Farm foreman 1	1
Farm labourer special	3
Fireman-labourer	2
Gardener 2	1
Gardener 1	1
Hospital cook 3	1
Hospital cook 2	1
Hospital cook 1	1
Hospital maid	2
Hospital nurse 3	1
Hospital nurse 2	2
Hospital nursing orderly 3	1
Hospital nursing orderly 2	4
Labourer	4
Maintenance craftsman 2	1
Maintenance helper	1
Plotman	1
Research officer agriculture 1	1
Storeman 2	1
Storeman 1	1
Student assistant (seasonal)	1
Superintendent experimental farm	1
Technical officer 3	1

3. The five-day work week applies to federal government employees in the Regina area except those employed in connection with the operation of services specifically excluded by regulation. Such services include experimental farms and hospitals and all of the above employees are employed in the operation of such services in the Regina area.

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

National parks branch—

294. Branch administration, $90,852.

300. Canadian wildlife service—wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $472,331.

301. National museum of Canada, $328,835.

302. Administration, operation and maintenance, including grant of $350 to the international executive council, world power conference, $838,204.

303. Construction or acquisition of buildings, works, land and equipment, $91,500.

304. To provide for studies and surveys of the Columbia river watershed in Canada, $465,010.

305. Fraser river—federal expenditures in connection with investigations to be carried out by Fraser river board, $127,750.

306. To provide for a contribution to the cost of constructing a dam on the Conestogo river near Glen Allan, Ontario, for the purposes of flood control and water conservation, in accordance with the terms of an agreement entered into between Canada and the province of Ontario, $750,000.

Northern administration and lands branch—

307. Branch administration, $791,592.

Yukon Territory—

308. Operation and maintenance, $589,806.

309. Construction or acquisition of buildings, works, land and equipment, $695,847.

310. Operation and maintenance, $2,867,827.

311. Construction or acquisition of buildings, works, land and equipment, $4,371,568.

Forestry branch—

312. Branch administration, $140,887.

Forest research division—

313. Operation and maintenance, $1,086,008.

314. Construction or acquisition of buildings, works, land and equipment, $148,372.

Forestry operations division—

315. Administration, operation and maintenance, $174,198.

316. Construction or acquisition of buildings, works, land and equipment, $196,217.

317. To provide for contributions to the provinces for assistance in forestry inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces, $1,125,000.

318. To provide for a contribution to the province of New Brunswick for assistance in a program designed to combat the spruce budworm infestation, in accordance with an agreement entered into by Canada and the province, $650,000.

Forest products laboratories division—

319. Operation and maintenance, $601,497.

320. Construction or acquisition of buildings, works, land and equipment, $540,125.

321. Grant to Canadian forestry association, $10,000.

322. Eastern Rockies forest conservation board—remuneration and expenses of the federal member of the board, $5,575.

Canadian government travel bureau—

323. To assist in promoting the tourist business in Canada, $1,567,559.

663. National museum of Canada—further amount required, $15,815.

Water resources branch—

Water resources branch, including federal share of expenses of the Lake of the Woods control board—

664. Administration, operation and maintenance—further amount required, $40,430.

665. Construction or acquisition of buildings, works, land and equipment—further amount required, $9,500.

666. To provide for federal expenditures in connection with investigations to be carried out by the lakes Winnipeg and Manitoba board, $25,000.

Northern administration and lands branch—

Yukon Territory—

667. Operation and maintenance—further amount required, $40,333.

Northwest Territories and other field services—

668. Construction or acquisition of buildings, works, land and equipment—further amount required, $1,150,000.

Forestry branch—

Forest research division—

669. Construction or acquisition of buildings, works, land and equipment—further amount required, $8,000.

734. Advances to the Northwest Territories power commission for the purpose of capital expenditures in accordance with the provisions of section 15 of the Northwest Territories Power Commission Act, subject to such terms and conditions as the governor in council may approve, $500,000.

DEPARTMENT OF AGRICULTURE

34. Marketing of agricultural products, including temporary appointments that may be required to be made notwithstanding the Civil Service Act, the amount available for such appointments not to exceed $6,000, $100,000.

Terminable services—

35. Freight assistance on western feed grains, $15,500,000.

36. Agricultural lime assistance, $500,000.

37. To provide for quality premiums on high grade hog carcasses and administration costs, $5,700,000.

Special—

38. For assistance in construction of potato warehouses under terms and conditions to be approved by the governor in council, $25,000.

39. Agricultural products board administration, $10,000.

40. To provide for administrative expenses, Agricultural Prices Support Act, $89,650.

43. Assiniboine river—Dyking and cut-off, $200,000.

44. Land protection, reclamation and development in British Columbia under such terms and conditions as may be approved by the governor in council, $70,036.

45. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $850,000.

46. Maritime Marshland Rehabilitation Act, $1,920,601.

HOUSE OF COMMONS

Saturday, August 4, 1956

The house met at eleven o'clock.

EXTERNAL AFFAIRS

BURMA—REPORTED INVASION BY RED CHINA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, according to a radio report this morning the government of red China is claiming that there has been no invasion of Burma. Perhaps the Secretary of State for External Affairs could tell us whether there has or has not been such an invasion.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am glad to deal with the question asked by my hon. friend. We have had further information on this Burmese incident. That information indicates that, while the situation is potentially serious, of course, there is nothing to justify some of the alarmist headlines and reports that appeared some days ago and were based, as I understand it, in the first place on a report which appeared in an English language newspaper in Rangoon, the accuracy of which has since been denied by the Burmese government itself. The difficulty seems to be over a remote part of the border between China and Burma which has never been formally established to the agreement of both countries. That particular area of the border is therefore in dispute. It may well be that the action which has been taken by the Chinese troops in that area is to force a settlement of that part of the boundary and on their terms.

MILAN BABIC—INQUIRY AS TO CANADIAN GOVERNMENT ACTION

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Secretary of State for External Affairs. Now that he has received a letter from Milan Babic of Toronto outlining how he was detained for 20 hours, searched several times and grilled several times—

Some hon. Members: Order.

Mr. Hees: —does the government plan to make a strong protest about this outrageous treatment of a Canadian citizen to the United States government? Is there an officer at our consulates who is available 24 hours a day to Canadian citizens? If so, will the minister advise the United States government that that is the case? If it is not so, will he arrange that it is so in the future?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. gentleman has been more fortunate in his receipt of information from Mr. Babic than I have because the letter to which he refers has not reached me, though we sent him a telegram two or three days ago asking for details. I have received a telegram from Mr. Babic which states:

Regret did not reply sooner to your wire as just received. Preparing complete account to be sent to you by mail special delivery.

I have not received it yet, but it may be in the mail, Mr. Speaker.

Mr. Hees: It is in the mail. If the minister will check, he will find it there because I have a copy of the letter.

Some hon. Members: Oh, oh.

Mr. Weir: Did you write it for him?

Mr. Hees: The situation is as I have stated it.

Mr. Howe (Port Arthur): Why don't you fix it?

Mr. Hees: Will the minister answer the second part of my question? Is there an officer at our consulates available 24 hours a day?

Mr. Pickersgill: They go off work at six o'clock, as the hon. member suggests in other cases.

Mr. Hees: If so, will the minister advise the United States government to that effect? If not, will he arrange that it is so?

Mr. Pearson: We will take appropriate action when the letter is received, I am sure. In so far as the consulate at New York is concerned, they do not work in the consulate 24 hours a day. It is possible, however, to get somebody 24 hours a day because there have been arrangements made with the telephone company of New York for that purpose.

HOUSE OF COMMONS

REQUEST FOR HOLIDAYS FOR PAGE BOYS

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, I should like to direct a question to the Minister of Public Works or whoever

is responsible. Has the minister considered yet whether the page boys are to be relieved of their duties at six o'clock for the balance of the session?

Hon. Robert H. Winters (Minister of Public Works): I am sorry, Mr. Speaker, but I did not hear that question.

Mr. Hodgson: Will the page boys be relieved of their duties at six o'clock for the balance of the session?

Mr. Winters: I am not quite clear, Mr. Speaker, how that matter becomes the responsibility of the Minister of Public Works.

Mr. Hodgson: I said the Minister of Public Works or whoever is responsible.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I shall look into the matter and give an answer later.

Mr. Fulton: We did not hear the answer, Mr. Speaker.

Mr. Speaker: This is a matter that comes under my jurisdiction. Standing order 44 does not allow questions to be put to the Speaker from the floor of the house. See citation 302, Beauchesne's third edition. However, I take it that some members are very ingenious and they manage to put the questions anyway in some other form. Is it the pleasure of hon. members that the page boys be relieved of their duties at six o'clock?

Some hon. Members: Hear, hear.

Mr. Speaker: As a matter of fact, shall we do away with them altogether during these summer months?

Some hon. Members: Agreed.

Mr. Speaker: Perhaps through the usual channels opinions may be gathered from the various parties and the whips can report to us.

REPORTED VISIT TO NEWFOUNDLAND BY MEMBER FOR BROADVIEW

On the orders of the day:

Mr. H. A. Hosking (Wellington South): I have in my hand a copy of the *Evening Telegram,* St. John's, Newfoundland, for July 27, 1956. It contains a picture of the hon. member for Broadview and below the picture it says:

> George Hees, national president of the Progressive Conservative party, will arrive in St. John's on a visit to Newfoundland on August 18, Malcolm Hollett, leader of the Progressive Conservative party in Newfoundland—

Mr. Fulton: Question, question.

Mr. Garson: We are giving you some publicity.

Some hon. Members: Sit down.

[Mr. Hodgson.]

Mr. Hees: What a wind-up.

Some hon. Members: Order.

Mr. Speaker: Is the hon. member raising a question of privilege?

Mr. Hosking: I am asking a question of the minister from Newfoundland.

Mr. Speaker: Will the hon. member put his question?

Mr. Hosking: My question is, is it the opinion of the minister from Newfoundland that the people from Newfoundland are so ill-informed that the writer of this article does not realize that the member for Broadview has been fired as president of the Conservative association and that he has been replaced by a member from the province of Quebec?

Mr. Speaker: When a question is directed to the government it must be on a matter of administration.

Mr. Hodgson: I think it would be well if the hon. member for Wellington South got out of the gutter.

GRAIN

FLAX AND RYE—REQUEST FOR MARKETING UNDER WHEAT BOARD

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to ask the Minister of Trade and Commerce if he has received a telegram from the Saskatchewan farmers' union stating in part as follows:

> Since wheat board has announced intention to extend quotas on open market grain now to include flax as well as rye, we urge complete marketing jurisdiction of these grains be placed under wheat board operations, thereby according complete price equality to producers regardless of space situation at country elevators.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have not received such a wire personally. It may be in the department, but if so it has not been brought to my attention. The fact that this is a partial holiday for most people in Canada may explain the reason it has not been brought to my attention.

Mr. McCullough (Moose Mountain): May I ask a supplementary question? When the minister receives this telegram, which I understand has been sent to him, would he consider immediately introducing a bill to make provision for the Canadian wheat board having jurisdiction to handle flax and rye? I might say that with the temper of the house we could get that through without any trouble.

Mr. Howe (Port Arthur): Unfortunately, the government has promised the house there will be no further bills introduced this session.

NATIONAL DEFENCE

WINNIPEG—STATEMENT ON ALLEGED LOW FLYING OF R.C.A.F. PLANES

Mr. Paul Hellyer (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, the hon. member for Winnipeg South Centre (Mr. Churchill) has asked about low flying over the cities of Winnipeg and St. James, and a report has now been received.

Since the construction of Stevenson field the city of Winnipeg has greatly expanded. Residential areas on the west side are now in danger of surrounding the airport. At the same time the international, itinerant and local civil traffic, which accounts for more than half of the total flying at this field, has increased greatly.

In order that this volume of traffic may be accommodated safely, an arrival procedure known as a circuit is sometimes necessary. This pattern which, at Winnipeg, is under the control of experienced Department of Transport officials, is done in excess of 1,000 feet above ground and permits an orderly transition to final approach. In conformance with these requirements, a number of aircraft may fly over certain areas. Residents estimating the altitude by sound alone may believe the aircraft to be low flying; whereas in fact they are at the maximum safe legal altitude for the procedure involved.

R.C.A.F. operations at Winnipeg are comprised mainly of navigator and radio officer training. This training, of course, includes night as well as day exercises. For these flights as for all other operations based at Stevenson field, only competent and qualified pilots are used.

There has not been any confirmed instance of actual low flying reported over Winnipeg with the exception of one isolated case involving an aircraft from another base. In this case, the pilot was subjected to severe disciplinary action.

PUBLIC WORKS

NEW WESTMINSTER—STATEMENT ON DREDGING OF CHANNEL

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Burnaby-Richmond (Mr. Goode) asked a question about dredging at the Searle elevator in New Westminster. This elevator and wharf are leased by the New Westminster harbour commissioners to the Searle Grain Company Limited. Under the terms of the lease the commissioners assume certain obligations to maintain at all times adequate depth of water in the berths and in the channel to and from the main channel of the Fraser river.

The present lease expires August 31, 1956. We are still engaged in discussions and considerations as to what the long-term arrangement and allocation of responsibilities will be. In the meantime, the government has authorized the Department of Public Works to undertake the dredging for a period of one year following the expiry of the present lease; that is, until August 31, 1957.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF AGRICULTURE

47. Prairie Farm Assistance Act administration, $502,137.

Mr. Bryce: Mr. Chairman, on three or four occasions this session I have talked about the Prairie Farm Assistance Act, therefore it would be a matter of repeating myself if I started to go into details. However, I had hoped that the minister would have brought in some amendments to the P.F.A.A.; in fact, I am disappointed that he did not bring in an amendment to deal with the farmer who bought land from the provincial government after 1940 and cannot participate or even get any assistance from the P.F.A.A. fund.

The fund is in this position: A man who bought crown land contributed to the fund every load of grain he sold to the elevator. That is quite definite and plain and he cannot participate in any of the benefits of the act. For that reason I do not think the government should collect from these people.

Perhaps a test case should be made of this to see if it is really possible to collect money from them without giving them any benefits. It may be wise to have a decision of the Department of Justice on this question.

I do not need to point out to the minister that this is a very sore point in the north of my constituency. I had hoped that the minister would have brought in an amendment to correct this grievance. In fact, even at this late date I ask the minister to give it some consideration.

I could never understand how the government can collect money from farmers contributing to the P.F.A.A. fund when the act distinctly says they cannot participate in the benefits.

I have had a great deal of correspondence with the minister concerning P.F.A.A. and while he was good enough to send some of

his officers to explain the act I am still receiving complaints from people who are wondering why they were left out.

One matter has always puzzled me and it is not because I have not endeavoured to understand it. I am referring to where the line is drawn dividing the people who can get paid on crown land and those on the south side of the line who cannot get paid.

I am going to send over to the minister a map of Selkirk constituency and I will ask him if he would be kind enough to have the officers of his department draw the line on the map so that in the future when I am challenged about it will be able to take out this map and show people where the line is.

I am not going to say any more at this time. I have conveyed to the minister the wishes of the farmers of my constituency regarding this act. The act has been of considerable value to many people in my constituency who suffered the loss of their crops. I know that the minister could improve this bill a great deal if he were to bring in amendments.

I am now sending over to the minister the map I have referred to. I hope the minister will put the line on it. If he does he will save me a lot of arguments this fall.

Right Hon. J. G. Gardiner (Minister of Agriculture): Well, Mr. Chairman, while the map is being sent over I would just like to say that any change in the line would have to be made by legislation. The line has been set by legislation and I think on two different occasions the question has been raised in the house. I would say that the map which is submitted will be considered. There is some question, of course, as to where the line should be drawn across the north. It may possibly be that the line is not in exactly the right place but we will consider that before the next session and if legislation is necessary we will bring it down.

Mr. Bryce: But will you be kind enough to have an officer of your department draw the line that you are dealing with now on the map I am sending over?

Mr. Gardiner: Oh well, that should be a simple matter for them to do and I will see that it is done.

Mr. Bryce: Thank you; I hope it is done.

Mr. Smith (Battle River-Camrose): Mr. Chairman, I would like to ask the minister a few questions regarding the Prairie Farm Assistance Act. I am referring particularly to the form which farmers are forced to fill out in respect to individual farms. My first question is this. Are the farmers left with a duplicate copy of the statements they give to the inspector?

Mr. Gardiner: I am sorry but I am not able to hear the question.

Mr. Smith (Battle River-Camrose): Are the individual farmers left with a duplicate copy of the statement they give to the P.F.A.A. inspector when he calls around?

Mr. Gardiner: I understand that that has not been done in the past but it has been arranged that it will be done in the future. Someone asked that question earlier in the session.

Mr. Smith (Battle River-Camrose): Are all farmers required to make a statutory declaration that the answers given to the questions asked are true?

Mr. Gardiner: Yes; there is to all intents and purposes a statutory declaration taken.

Mr. Smith (Battle River-Camrose): I understand that that will be uniform throughout the west.

Mr. Gardiner: That is correct.

Mr. Argue: Mr. Chairman, we in this group contend that the present payments under the Prairie Farm Assistance Act are too low. The act was brought in in 1939 at which time a maximum payment of $2.50 per acre was provided on half the cultivated acreage up to a maximum of 400 acres. The maximum payment has been $500; when the crop yield was from 4 to 8 bushels per acre the payment has been $300.

Since 1939 the cost of production and the cost of living have eaten away most of the value of the payments that were established in 1939. Today we have a dollar which is perhaps a 50 cent or a 40 cent dollar, but still the payments under the Prairie Farm Assistance Act remain the same. I suggest that the time has come when the government at least should double the payments under this act. Last year the hon. member for The Battlefords brought in a resolution on behalf of this group to that effect.

I would point out that today $1,000 will buy less than $500 would have bought in 1939. There is not only that factor to be considered, there is the factor of the one per cent charge which today brings in two and a half times as much revenue as it did in 1939 because of the increase in the price of wheat. I should like to ask the minister whether any consideration has been given by his department to increasing the benefits under the Prairie Farm Assistance Act, to doubling the benefits as I have suggested to the point where

a farmer would have the protection that he should receive under the act.

Mr. Gardiner: Mr. Chairman, as hon. members who were here throughout the sitting last night know, I dealt with this question at that time. I regret very much if my hon. friend was able to watch a football game while I remained here to take up this matter, but in any event the matter was dealt with. Just to answer the question which has been asked, I would say that we have given consideration to the matter and have decided that the act as it is at the present time does meet the situation in spite of the fact that there has been a lowering in the value of the dollar. That was provided for when the terms of the act were drawn to make it possible for a person who is affected drawing, not only the sum provided in the act but also to have earnings from the marketing of whatever grain he has. It was estimated that the increase in the price of grain or the decrease in the price would take care of any difference that occurred. Our examination of the records indicates that that has been the case. The amount which the farmer receives now, with the exception of the man who has no wheat per acre, and there are very few of those, there is anywhere from two to three bushels an acre to be sold, and when those facts are taken into consideration the return in proportion to costs is just about the same now, or a little higher in most cases, than it was in 1939.

Mr. Argue: I am sure that no one understands the gobbledegook we have just listened to now.

Mr. Gardiner: That is the football game you are talking about.

Mr. Argue: Any farmer knows that $500 today will not purchase as much as it did in 1939.

Mr. Gardiner: If my hon. friend will read my speech in reply last session he will find it is all there and it has been proven outright.

Mr. Argue: I have read it, and it is gobbledegook, but there was more gobbledegook last time than there is now because the minister took longer to say the same thing.

Mr. Gardiner: We get all the gobbledegook when you are speaking.

Mr. Argue: I want to tell the minister that the farmers in western Canada are completely dissatisfied with the amount paid under the act. There have been certain improvements made in the past in regard to the area where it is paid, and that is all to the good, but the schedule of payments is completely inadequate.

I wish to say that I was in the chamber last night when the minister made his remarks on this subject, and I am sure I would have had a much more enjoyable time if I had been able to go to the football game. Last night, if I remember correctly, the minister's excuse was that there is sufficient money to pay the grocery bill. Was that not it? Today he has gone to a certain quantity of the wheat that a farmer may or may not have to be considered to have a crop failure.

Mr. Gardiner: You will find that is what I said last night; you were not listening.

Mr. Argue: I wish to point out that, even though the price of wheat has increased substantially since 1939, the purchasing power of a bushel of wheat is no greater today than it was in 1939, so that any wheat a farmer may have when he is said to have a crop failure, one, two or three bushels of wheat per acre will buy no more than the wheat in 1939, and the prairie farm assistance benefit is worth not much more than one-third of what it was worth in 1939.

Mr. Thomas: Last year when the minister's estimates came up, I pointed out to him that there was a large area of land in western Alberta, a good part of which is in my riding, that had been exempted from the act when it was drawn up; that since that time the new methods of farming, different types of crops, new knowledge and so on have made at least part of that land productive; and that still most people, although they are paying into the P.F.A.A. all the time, are unable to get any benefits out of it. I asked the minister last year if he would consider putting that land under the act because it is now a productive area and these people are unable to come in under the benefits. I would ask the minister whether any consideration has been given to that area and, if so, what decisions were made.

Mr. Gardiner: As I understand it, it is the same question that was raised by the hon. member for Selkirk with regard to a section of Manitoba. That is, we amended the act some few years ago to make it impossible for lands which the government disposed of after a certain date, January 1940, to come under the act, the understanding being that should the provincial governments of Manitoba, Alberta or Saskatchewan make agreements with the farmers,—in Saskatchewan it is an agreement on a 33-year lease, and in the other two provinces it might be

a sale of the land to the farmer—we maintained that if the governments in the prairie provinces were disposing of land to farmers after the date when this act came into effect they should do so on terms which made it possible for the farmer to carry on without the benefits of this act. So a line was drawn which left out from under the act the area where the lands had not yet been disposed of or had been disposed of after that date.

Through the southern parts of the province the same thing applies, namely that where submarginal lands, as they were referred to last night, are defined as submarginal lands by the provincial governments, they do not come under this act at all. If the provincial governments' enactment adds to those lands, then those lands are taken out. We simply stated in the act at that time that if the provincial government were leasing those lands to farmers who were on adjacent lands and bringing them back under cultivation or back where they would otherwise come under the terms of this act, these lands are not covered by this act.

On the question of paying in, everybody in Canada pays in to this act. This is not an insurance bill, as was suggested a few moments ago. It is not an insurance bill in any sense of the term. If it were, we could not pass it. Insurance bills can only be passed by the provincial governments. The first thing we had to satisfy the authorities here on, including the justice department, at the time we put the act through was that this is not insurance. It is not the paying of a fee in order to get a service. When the act was first drafted, it did not have in it any terms for the paying of one per cent. After the discussions which took place in this house, the farm organizations in the west suggested that in order that it might not be said that they were getting payment from a fund which was created entirely by setting up a tax collected from all the people of Canada, they should make a special contribution, and that special contribution is in the nature of one per cent on the grain sold. Hence the one per cent is simply a payment in order to make it possible for the farmers to contribute something throughout the years towards the fact that they may collect. I would point out to my hon. friend also what happens in spite of the fact that some people who may collect may not have any grain at all. Some of the people who collect may have only livestock, and when they do have those for sale nothing is paid when they sell. If they have only livestock, they may grow some grain in order to feed the livestock. But they collect just the same as do the people who have only wheat. Such a person does not pay anything in, but he collects. Both sides of the picture do turn up in this particular legislation.

Mr. Thomas: I understand that, Mr. Chairman; but what I wanted to know was this. What possibility is there of these people getting in? I refer to those people on what was at that time considered to be submarginal land and left out of the act until examination had been made, as a result of agreement between the provincial and federal governments. I was wondering what the possibility is of some of these people, on what was considered at that time as being submarginal land, getting in under the act now. Owing to improved methods and improved knowledge they are now able to grow fairly substantial crops in this area. Would it be a provincial responsibility to request that these lands be included under the act or would it be a federal responsibility or would it be a matter of negotiation between the two governments? If so, which government should initiate the discussions? Is there any possibility at all of their getting in?

Mr. Gardiner: My understanding is that at the time this matter was before the agriculture committee when the legislation was last going through the house, the lands in the special areas—which I presume are the lands which are referred to—in Alberta were specially dealt with in the legislation. If there is any reason for taking another look at it, we can do it along with the province. The representatives of the provincial government were here and they appeared here before the committee at the time we dealt with the matter previously. I will have to check back and see what lands are involved and if it would be necessary to have further hearings on the matter. I do not know whether or not the hon. member for Peace River recalls the discussions that took place at that time. I think he does so because his northern area was concerned. We did try to meet conditions there then. If developments have taken place which indicate that we have not met them, that matter can be discussed again.

Mr. Thomas: This does not apply to the special areas. It applies to the grey wooded soil along the foot of the foothills.

The Chairman: Shall the item carry?

Mr. Low: No, Mr. Chairman. There is one question that I should like to ask the minister, but before I do so I should like to say this about the act. In the main there is satisfaction with the changes that were made some years ago and which have just been referred to in the interchange between the minister and the hon. member for Wetaskiwin. Up in my country I think that those changes

were accepted with considerable enthusiasm and that they have worked well. But there is still a good deal of dissatisfaction amongst the people over two rather specific things. One is the very close definition of "farmer". The matter was dealt with last night by the minister and I can understand the position that he takes. But oftentimes people get the feeling that the regulations are used in order to cut out as many farmers as possible from receiving benefit. I am not saying that is the case, but I say that the feeling is there.

For example, here is the case of a chap who works only part time on the railroad and who works a farm close by. He operates that farm as an efficient farmer and is doing well with it. In a normal year he gets more out of his farm than he gets out of his job on the railroad. But just the same, when a year comes along when he does not get a good crop and when he applies for prairie farm assistance because the yield has fallen below 4 bushels an acre, they say this to him: "You cannot have it because your chief income this year comes from your job on the railroad." I can understand that that chap would have a case for justifiable complaint.

An hon. Member: Justifiable homicide.

Mr. Low: That sort of thing, I believe, is resorted to in many cases. I wonder whether it would not be possible to recast the definition of "farmer", taking into account the sort of thing I have mentioned. In these cases the people are farmers in the full sense of the word. They are carrying on quite efficiently. They feel themselves to be entitled to the benefits because they are paying what they consider to be a sort of premium.

That brings me to another point. I wonder whether the minister and his department have given consideration to what has been urged, very largely by the hon. member for Acadia, namely, that a crop insurance program be considered, and that part of what is now being done under the Prairie Farm Assistance Act be transferred to such a crop insurance program. I think the only way in which we shall ever get satisfaction out of the paying of a premium out of the product produced by the farmer will be through a crop insurance plan rather than through this prairie farm assistance. A great many of the farmers have come to look upon P.F.A.A. as a sort of crop insurance program. Whether that view is realistic or justified, they look upon it as such because they pay a premium as they think. One per cent over the years out of their production justifies them to a degree in thinking that they should receive benefits whenever their yield falls below 4 bushels an acre, whether or not they are considered to be farmers under the act.

Another question is this one of river lots. I wonder whether the minister has had any experience with them. As I understand it, under the act or the regulations—I cannot tell which—the river lots that are registered as river lots are treated as separate townships. Very often in the bends of these large rivers, like the Peace river, you can find areas that are called river lots and are registered in the land titles office as such.

I have not been able to find out why the department looks upon these river lots as separate townships rather than having them registered as part of the township to which they belong. This past year quite a number of the people who occupy river lots found themselves unable to get benefits under the act, although their own yield fell away below the eight bushels per acre. They were told by the officials in Edmonton that they could not get benefits because their river lots were registered or were looked upon by the department as separate townships, and since they were separate townships they could not be dealt with in the ordinary way.

I just wondered if the minister had much experience with that sort of thing, and if he would have an answer as to why river lots are looked upon, no matter how large or small they may be, as separate townships. Why could they not be attached, let us say, to a contiguous township for the purpose of payment under the act?

Mr. Gardiner: If I understand what the hon. member for Peace River has been saying with regard to the river lots it does not exactly conform to what our experience with the matter is. We did find, for the orderly administration of the act, it was impossible to bring river lots under the terms of the act. We, therefore, had a meeting with the provinces of Manitoba, Saskatchewan and Alberta where these river lots are and had an understanding reached as to what would come under the terms of this act as constituting a township. I would be surprised if any small area had been called a township, any small holding of an individual. The objective was to put enough of these river lots into an area to make up an area approximately the same as a township, and then to decide whether or not they were entitled to payment on the same basis as other townships are. It was simply a matter of defining them. There is quite a long list of them here. There are 6½ pages for Manitoba, about a page for Saskatchewan and about two pages for Alberta, listing the areas that are defined.

For example, group 70 is river lot township "B", improvement district No. 102; lots 1 to 41 inclusive in township 67, range 14, west of the fourth; townships 67 and 68, range 15,

west of the fourth; township 68, range 16, west of the fourth, all in the Lac la Biche settlement. Now, that is one and there are two pages of those, so I think what my hon. friend has in mind has been done, that we have brought them together for the purpose of making areas that, to all intents and purposes, would be about the same size as a township.

Mr. Low: I have a letter, Mr. Chairman, from Mr. Rowbotham in Edmonton, in which he says that these river lots are treated as separate townships. I gathered from that that, regardless of their size—

Mr. Gardiner: He is wrong in saying that about river lots. They are in groups, and when you put them together in a group and give them a number then they are dealt with the same as townships.

Mr. Low: Now, would the minister comment on the other two questions? I will just repeat them. Is his department prepared to give some further and early consideration to this whole question of the definition of a farmer under the act? Is his department giving any consideration or any study looking towards an arrangement in Canada for a crop insurance program to take over part of the functions now performed by prairie farm assistance?

Mr. Gardiner: With regard to the first question, I would say we are not allowed to forget. Several times a week when we are putting the act into effect in the fall of the year we get complaints from people who state their position. One man, for example, who followed very closely the case that was referred to, is a man who works for the railway. He indicated to us that he only got $600 for working on the railways, and therefore he should be paid prairie farm assistance on his farm. We examined into that and found he had been paid $1,800 by the railway. It was not difficult to find that out. Then, we found he was collecting unemployment insurance and had collected $350. He was not doing too badly. I would suggest to you that these individual cases are all checked and considered. Sometimes a decision is made in favour of the individual who applies and sometimes it is not. The act makes provision for appeal in all these cases, and the appeal goes to a committee of three which meets periodically to go through all these cases and determine whether or not they are entitled.

On the question of insurance, as I said a moment ago, if we are going to speak of insurance, then under the constitution this government could not set it up. This question was decided years ago in connection with hail insurance, with the result that the three western provinces introduced legislation in connection with hail insurance. In so far as Saskatchewan is concerned, it is still on the statute books. I think it is in the other provinces, too. This was done simply because we could not set up hail insurance from Ottawa. It had to be set up provincially. The same thing is true of crop insurance. Last night the hon. member for Brandon-Souris referred to the fact there was recently an investigation in Manitoba by the provincial government relating to insurance. The provincial government set up a commission. I have not recently read the report but I think I am right when I say that the commission was very much of the opinion that prairie farm assistance should not be removed, even in Manitoba.

I think it will be found in that report that, after examining into all the efforts that had been made anywhere on the continent to deal with this problem, it was decided this legislation was dealing with it at least as well as it was being dealt with anywhere else. They report some efforts were made in the United States to insure, but that there is not anything conclusive with regard to those efforts which would indicate to apply them here would be helpful in coping with the problem.

After saying that, I understand they did recommend that something ought to be done on the basis of the three western provinces to deal with a problem which is more or less common to all three of them. As I understand it, that was not based on the idea that we should drop the prairie farm assistance, but wondering if we would find some way of turning the same support into an insurance plan. I would think that an insurance plan of that kind would probably require to become a federal insurance plan, which again is unconstitutional. We have been looking at it from time to time, and we have been reading articles from time to time, and we have concluded that this is giving as much satisfaction as can be given when we have not the authority to bring in insurance.

I must say this, too, that I do not know of any insurance organization, not even Lloyds, who will take on crop insurance in an area like Saskatchewan, for example, and a considerable part of Manitoba and Alberta. They will insure almost everything but they will not insure a crop against loss in an area like the prairies, and neither will anyone else. There is no way by which you can collect enough in the way of premiums in order to take care of a situation of that kind, and that is not what we are attempting to do. I did say last night we were attempting to help the fellow pay only his store bill; we are not attempting to do any more than that.

If we attempted to pay the fellow for the loss of a crop, that would be insurance, and there is not any insurance fund created by anyone, not even by the provincial government of Saskatchewan, that would undertake to set up an insurance plan of that kind. Therefore, I would like to suggest that we ought to be reasonable in talking about these things. We have done this because no organization would put on the insurance; no one would insure the farmer against drought. We did this in order to allow him to pay his store bill and keep the merchant and others in financial operations throughout the year when they had little crop.

Mr. Low: Just one more question in connection with insurance. I think I appreciate fully what the minister has said, but as far as the constitution line is concerned, in the United States crop insurance was instituted on a federal basis, and we have a federal constitution much the same as theirs. I understand it is not quite the same. I think the major difference is the residual powers; but certainly they got around state rights in some way over there. I was wondering whether some consideration had been given to a method of getting around it in Canada so that a federal scheme of crop insurance might be instituted. The minister would not say it is impossible, would he?

Mr. Gardiner: Well, I would say the advice we have had up to date is that under our constitution it is impossible; but I would not say it is impossible to change the constitution.

Mr. Low: I do not think it would be necessary to go quite so far as that. Was it not possible to have marketing plans instituted in Canada by agreement with the provinces?

Mr. Gardiner: Just in war time. In wartime, of course, the constitution all goes by the board and everything comes under the War Measures Act, and we did all kinds of things in wartime that we cannot do at other times; but the matter of entering into agreements is quite different from the matter of adopting an insurance act that brings everybody under it. For example, we entered into an agreement with all the farmers to pay them $23 a hundred for hogs, but that is an agreement. We agreed to buy the hogs, that is all. That kind of thing can be done, but if we were to try to compel people to do certain things, well, that would be different.

Mr. Low: Yes, I agree.

Mr. Thomas: When crop insurance came up for discussion in the house the minister, of course, said that it was a provincial responsibility. He indicated at that time that the only conditions under which his department would consider such a thing as crop insurance would be if the initial move was instigated by one of the provincial governments, or a number of provincial governments. If a number of provincial governments indicated to the federal government that they would be willing to come into a crop insurance scheme, then it could be instituted. I was wondering whether the minister has up to this date, or since then, received any request from any of the provincial governments that the federal government consider coming in with them in a crop insurance scheme?

While I am on my feet I might mention one thing. The minister mentioned the case of a man asking for prairie farm assistance, and he had found out that he had made $1,800, and at the same time he was receiving unemployment insurance. The minister always likes to point out that there are two sides to a question. I should like to point out that I have had one or two instances of farmers who have applied for prairie farm assistance. I know of one instance where the prairie farm assistance administration turned him down because they said he was employed, he had another means of livelihood. He lost his job and applied for unemployment insurance, and they told him he could not get unemployment insurance because he was a farmer. Therefore, it works both ways.

Mr. McCullough (Moose Mountain): Mr. Chairman, I want to take some exception to what the minister said in the early part of his remarks. I suggest to him that if he would like to get his estimates through without too much controversy he should not utter complete untruths. I am now referring to the remarks he made with respect to the hon. member for Assiniboia.

Mr. Gardiner: He corrected it and I accepted it. He said he was not there.

Mr. McCullough (Moose Mountain): There is no member in this house who has more fidelity to his duty as a member, and in particular in respect of agriculture, and this is known by all hon. members.

I want to say a few things in support of what the hon. member for Assiniboia has said. He pointed out that the farmer's dollar, his purchasing power, is worth about 50 per cent of what it was worth in 1939. I support that contention. According to the minister, the act was set up in 1939, not as an insurance policy but as a policy under which the farmer, when he lost his crop, would at least be able to pay his store bill. Because of the cost of living today it does

not even do that. No matter what gobbledegook the minister may use in respect of this matter, as the hon. member for Assiniboia pointed out, the fact remains that in 1939 and 1940 the farmer was getting an average of only 50 cents a bushel for his wheat in those first two years of the war; while today the price of wheat has gone up, it still leaves him in much the same position.

The payments made under the Prairie Farm Assistance Act are completely insufficient to enable the farmer to meet even the dire needs of his family, if he loses his crop. Therefore, I go along with the bill which was proposed by the hon. member for The Battlefords last year, which asked that something be done with the act to include the payments in it. I suggest that if it were increased 100 per cent, that is, if the payments were increased to $1,000, it would be in line with the intention of the government as stated by the minister in 1939 when the act was passed.

I want to refer to the point raised by the hon. member for Peace River and others in connection with payments made under the act to part-time farmers who are finding it very difficult to get along. Figures have been given to the house to indicate that the western farm income has gone down so drastically since 1952 that it is necessary for the small farmer to go out and try to get additional work in order to bolster his income. I want to give credit to the western Prairie Farm Assistance Act administrators. When we take these individual cases to them they are given very good consideration and payments are made to those individual people; but the fact remains that there is still a lot of controversy and there are problems in the administration of the act with respect to the farmer who does not come under the complete designation of a farmer who perhaps has additional income. If he takes up his problem with a member of parliament and he in turn tries to get a re-hearing of the case he will not likely lose any payment under the act. However, I think this is something which should be clarified.

I do not go along with the minister's repeated statement that this is not an insurance scheme but is a scheme in which everybody in Canada participates by paying into the fund. I want to point out to him and to other members of the committee who do not perhaps understand the situation that this act is no different from many other pieces of legislation in this country. I know that on one occasion the minister made the statement that people in Montreal pay into this fund. He meant, of course, that the taxpayers paid into the fund because a portion of the fund is taken out of the consolidated revenue fund. In that regard I might point out to him that there is no single group in Canada that has subsidized the consumers of Canada more than the western farmer. During the 4-year period of the British wheat agreement all wheat consumed in Canada was subsidized by the western farmer. We received $1.25 a bushel f.o.b. Fort William and Port Arthur, whereas we were getting $1.55 for export wheat under the British wheat agreement. The difference was purely and simply a subsidization by the western farmer. We are not kicking about those things but we are pointing out that the western farmer is caught in a cost price squeeze.

The act drafted in 1939 did meet the dire need created by crop losses—

Mr. Gardiner: It never did do that.

Mr. McCullough (Moose Mountain): —but today it is not sufficient and I suggest to the minister that he should take cognizance of what we on this side of the house have said and try to draft legislation which will more adequately meet the situation which obtains today.

Mr. Zaplitny: I would like to ask the minister one or two questions and I hope he will not say, as he said last night, that he knows what I want him to say and he will not say it.

Mr. Gardiner: I will if you make the same kind of proposition.

Mr. Zaplitny: No, this is a little different. Section 11 of the Prairie Farm Assistance Act provides for the 1 per cent levy. There are certain penalties provided further along in the act in the case of licensed companies, elevator agents and so forth, if they do not comply with the provisions of that section. I would like to ask the minister if there have been any prosecutions within the last two years under section 11 of this act?

Mr. Gardiner: I did not catch the question because I have another one here from *Hansard*.

Mr. Zaplitny: I asked if there had been any prosecutions under section 11 of the Prairie Farm Assistance Act?

Mr. Gardiner: No, there has been none.

Mr. Zaplitny: None in the last two years?

Mr. Gardiner: I do not remember any at any time, but there has been none in recent years in any event.

Mr. Zaplitny: In addition to that, Mr. Chairman, I think it is my duty to place on the record a resolution passed by the Manitoba farmers' union at their convention last fall dealing with this act. I am not asking

the minister to do anything about it immediately because he has already indicated that it is not the intention to bring in any amendments during the course of this session but I think it should be on the record because there are one or two excellent suggestions contained in it. The resolution reads:

Be it resolved that we petition the government of Canada for the following amendments to said act—

That is the Prairie Farm Assistance Act.

(a) Payments on crop losses to be made on the individual basis.

(b) Payments to be based on the actual cultivated acreage in the year of the crop loss.

(c) Payments to be made on damage from all or any natural causes.

(d) Payments to be made to all who contribute to the scheme, or—those not eligible for payment within a qualifying area to be exempt from contributing to the plan upon application for such exemption.

(e) A statement to be attached to payment cheque, stating upon what basis payment is being made.

In the interests of saving time I will not comment on all of these points but I do want to point out that paragraph (e) in particular is, I think, a perfectly reasonable request and would as a matter of fact save a great deal of trouble and correspondence so far as the administration is concerned.

Quite often when farmers receive their prairie farm assistance payment a cheque is sent to the farmer stating the amount and sometimes he is not able to calculate on what basis the amount was arrived at. In order to do so he has to write to the prairie farm assistance board or if it is more convenient he complains to his member of parliament who has to handle it for him. This requires correspondence back and forth, file keeping and extra unnecessary work. I think it would be quite simple to include with the cheque a statement showing on what acreage and on which parcel of land the payment is being made, the amount per acre, and the total amount. I think that would save the department a great deal of administrative work.

I might point out, too, that the situation referred to in paragraph (d)—and I do not need to enlarge upon it because it has already been discussed—is a real injustice that might be rectified. Under certain provisions of the act there are certain parcels of land which are not eligible for prairie farm assistance and particularly that land which was purchased by a farmer after January 1, 1940 from the provincial government.

Of course, that does not apply to V.L.A. land and certain other lands. There is a great deal of the kind of land I have referred to being farmed in the province of Manitoba. Farmers who farm that land and grow grain year after year have been contributing the 1 per cent levy under the provisions of the act with no hope whatever, unless the act is eventually changed, of ever benefiting at all from the fund.

Over a period of years the 1 per cent contribution amounts to a considerable sum of money. If the government is going to take the stand that this land is sub-marginal, or for one reason or another is never to be eligible for prairie farm assistance, I think the fair thing to do would be to exclude those farmers from the 1 per cent levy.

I think there is a great element of unfairness in asking a farmer to contribute year after year 1 per cent of the value of his grain into a fund and then telling him that under no circumstances can he receive any benefit from that fund. As a matter of fact, if the farmers refused to pay the levy I do not think the government could do anything about it. I am not advising them to refuse because there is always hope while there is life and the act may be amended to have them included, but if it were challenged in the courts it is doubtful whether the courts would uphold the government in a situation where the participants in the fund raising or levy are denied any benefit. Under those circumstances I think the farmers could successfully challenge that section.

Instead of doing it that way, I think it would be wiser either to include as much as possible of that land by entering into a new agreement with the provinces with regard to that kind of land, or else, in areas where the governments both provincial and federal feel there is no possibility of including the land, if it is definitely submarginal in their opinion, then it should be excluded from the 1 per cent levy in order to bring about some sort of rough justice at least.

Mr. Thomas: Mr. Chairman, a few moments ago I asked the minister whether or not any of the provincial governments had approached his department regarding a crop insurance plan. I would like the minister to answer that question if he could.

Mr. Gardiner: No, there has not been any proposal.

Mr. Nicholson: Mr. Chairman, before the item carries I have a short question. The minister is no doubt aware that he has been very generous recently in having had a Social Credit candidate as one of his P.F.A.A. officers in Saskatchewan. I am referring to Mr. R. F. Claypoole of Mistatim.

Mr. Argue: He got by the blood test.

Mr. Nicholson: I think I would be remiss in my duties if I permitted this item to pass without drawing attention to the fact that

the minister has been very generous. Mr. Claypoole apparently received the sum of $892.17 for his services as a P.F.A.A. officer during 1955. My question is this. Was Mr. Claypoole continued on the payroll after he became a Social Credit candidate in 1955?

I have received no criticism of the work Mr. Claypoole has done. As far as I know he has been a very faithful officer of the P.F.A.A. administration. Could the minister advise us whether Mr. Claypoole continued on the payroll after he became a Social Credit candidate?

My second question is this. I hope we will never have to qualify for P.F.A.A. payments in my area but now that the election is over I hope the fact that Mr. Claypoole has been a Social Credit candidate will not be held against him if his services should be required for the work of P.F.A.A. in the area.

Mr. Gardiner: I may have some questions to ask about that myself. I would like to know who nominated Mr. Claypoole, for one thing. The fact is that we have not done anything about it. Mr. Claypoole is still on our list and is called upon when he is needed. I do not know how much work he will do in the future nor do I know how much he has done in the past but apparently he did get paid for his work last year. Whatever the future may hold for Mr. Claypoole, it will not be because he has been a candidate of the Social Credit party. If we do not use his services it may be for some other reason.

Mr. Smith (Battle River-Camrose): Is this a good inspector in the opinion of the department?

Mr. Gardiner: I suppose he is or we would not have used him or put him on in the first place. He has been on for some years and I presume has given good service. I do not know whether hon. members understand how these men are called up. It is on the same basis as those who are used to check hail insurance. The hail insurance companies have a list of people whom they call up and who can give service in the summertime. Some of them are professors in agricultural colleges. We have made a ruling that no one is put on the list who is tied up to a job which would make it impossible for him to operate when we want him. Sometimes we may need him three days out of a year, or three weeks or three months depending on the kind of crop. For example, last year up in that section there was a great deal of inspection to be done because the act had been changed and new things applied. The men had to give considerable time. As a rule a man will be called up perhaps for two or three weeks. He does his work and then goes back to his other job. We do not consider he has a job with us at all, we just call him up because he is efficient at doing that job and is not looking for something permanent from us.

Item agreed to.

48. To provide for a grant to the Federated Women's Institutes of Canada, $3,000.

Mr. McIvor: I should like to congratulate the minister upon his liberality in connection with the women's institutes. He recognizes that these women are doing an outstanding job. The vote is for $3,000 and I would like to see it $10,000. These women's institutes are doing a great work all across Canada in preserving the produce of the farms and helping farm wives to measure up and keep the farmers in tune with the time.

Mr. Herridge: Does the hon. member realize that this amounts to 5 cents per member per year?

Mr. Argue: Liberal generosity.

Mr. Gardiner: This is to send a delegation to the international meeting being held in Ceylon.

Item agreed to.

602. To compensate the New Brunswick potato marketing board for certain losses on payments to producers for potatoes marketed from the 1953 potato crop, which were not specifically covered by an agreement under the Agricultural Products Co-operative Marketing Act, $177,000.

Mr. Montgomery: This item is to cover losses which were not covered specifically under the agreement and I should like the minister to indicate what it has cost the treasury and what features there are on which losses have been paid that were not covered by the agreement.

Mr. Gardiner: The total amount paid is $2,680,000, and this additional amount of $177,000 is to be paid after consultation with the banks. As hon. members know, the government guarantees the banks against losses up to an amount not exceeding 80 per cent of the average price of the previous three years. In this particular case the amount guaranteed was about 40 per cent of the average price of the preceding three years and the payments being made are to cover that guarantee.

There was some law-breaking in connection with this and a committee made up of representatives of the Department of Finance, the Department of Justice and the Department of Agriculture made an investigation which indicated that some payments had been made which should not have been made. This $177,000 cleans up everything that is not involved in the possible charges.

Mr. Montgomery: How much has the 1956 potato starch program cost the government?

Mr. Gardiner: Approximately $5,000.

Mr. Montgomery: The minister mentioned an investigation but no report has been made public. As the taxpayers' money is being used I submit that this report should be made public or be tabled in the house.

Mr. Gardiner: It is not customary to make reports or bring down returns when a matter is still under what might be called police investigation. I do not know what the position will be after this is completed.

Mr. Montgomery: Apparently the investigation has been completed and it is a matter of deciding whether there will be prosecutions. I cannot see why the report should be withheld until that is decided.

Mr. Gardiner: There may be two sides to a question of that kind and up to the present we have not thought it wise to publish the report. We are still making inquiries as to whether some people broke the law and should be subject to prosecution.

Mr. Montgomery: Do I take it from the minister that this $177,000 will be all used to settle these claims, or will there still be outstanding claims?

Mr. Gardiner: It will all be used to cover the guarantee which we gave, and there are some more still in question.

Mr. Brooks: Is it the intention of the government to publish this report later?

Mr. Gardiner: I would not like to answer yes or no because it concerns two or three other departments.

Mr. Brooks: If it is found that there has been wrongdoing would it not be in the interests of the public to publish it?

Mr. Gardiner: I think if there has been wrongdoing anywhere it will be aired in the courts. It is not usual to indicate what evidence you have or that you lack evidence before a case of that kind is proceeded with. If it is not proceeded with I do not know what will happen.

Mr. Brooks: It is not the intention of the government to suppress it in any way if there has been wrongdoing?

Mr. Gardiner: No. Whatever proceedings are followed in connection with cases of this kind will be followed in this case.

Item agreed to.

41. Prairie Farm Rehabilitation Act and water storage, $4,142,965.

Mr. Herridge: I should like to say just a few words on this item. For a number of years this group has urged the extension of the operation of the Prairie Farm Rehabilitation Act to all agricultural areas in Canada, and quite recently the hon. member for Dauphin had a private members' motion on the order paper to that effect, which received the support of all members of this party. As a British Columbia member, ever since I have been in this house I have been urging the extension of the operation of this act in the province of British Columbia, but so far none of us have been able to influence the minister or the administration in that respect.

I am just going to read a paragraph from an editorial in *Country Life* of September 1955, which asks the minister a question. I might mention that *Country Life* is the official organ of at least 98 per cent of the agricultural organizations of British Columbia and, I should think, almost a similar percentage of the farmers in the country. This is entitled "No Wonder There's No P.F.R.A. in B.C.":

> From Vanderhoof came a press release this summer which indicates that the Canada and British Columbia agricultural departments are co-operating to make a survey of central British Columbia to determine the possibilities from an agricultural standpoint.
>
> *Country Life* is mighty pleased to hear of this action because we feel it is long overdue.
>
> At that, it isn't nearly enough. The work should be extended over the entire province and co-related with the future prospects of industrial development and population increase.
>
> For years farmer groups have been hounding the province and Ottawa to have the Prairie Farm Rehabilitation Act enlarged to include this Pacific coast province. The appeals fall on deaf ears.
>
> With the exception of Pemberton and VLA projects the assistance of P.F.R.A. has been denied B.C. and we cannot find it in our hearts to blame Ottawa overmuch for this oversight.
>
> Most of the blame can be laid on the doorstep of the British Columbia government. It is little use to cry to Ottawa that B.C. needs development of its agricultural resources when no surveys have been made to provide an overall picture of the future possibilities of this graet province agriculture-wise.
>
> We are told in a broad sweeping way that five per cent of the land in B.C. is useful for agricultural purposes. But what we haven't been told is what each untilled section can best be used for and whether there is a sound economic future in developing any particular section for agriculture.

In view of our repeated requests throughout the years for the extension of the operation of the act to British Columbia, I want to ask the minister this question. Is there some substance in the contention in this editorial, and are we wasting our breath in this house until the government of British Columbia organizes surveys of the areas suitable to the operation of the Prairie Farm Rehabilitation Act?

Mr. Gardiner: The question that is raised is not just along the line that has been suggested by the editorial. I spoke to the organization for which, I think, this newspaper speaks, last fall when I was out in British Columbia, and they raised the same question as to why we did not apply P.F.R.A. to British Columbia. I indicated to them that the name itself suggested why we do not, that it is prairie farm rehabilitation, and I think it will be agreed that outside of some very very small areas in British Columbia that term would not apply. Then I went on to say that P.F.R.A. did not even apply to all the prairie provinces; it applied only to the Palliser triangle, which is probably considerably less than half of the prairie provinces, and so it is put there for certain reasons, one of the reasons being that during the time that the lands were owned, operated and controlled from Ottawa they settled those areas in a manner which was not suitable to the districts, and it was thought that Ottawa should do something to change that situation.

That act, as is known, was brought down in 1935 by the government previous to this one. Very little had been done at the time we came in. We changed the act somewhat and went on to administer it from there. It was impossible at that time, and it might be impossible yet, to get the exact terms or anything approaching the exact terms of the P.F.R.A. here, even P.F.R.A. outside on the prairies, and I explained all this to them at this particular meeting, and they said after the meeting was over that they understood why it was not done.

I think that the question that is raised in this article has not especially to do with the P.F.R.A. It has to do with these special votes that we have already considered and passed. There was one there that was especially for British Columbia. It started in the Pemberton flats and went on to operate in other places, more particularly in assisting returned men to settle on lands in the fruit-growing areas in my hon. friend's constituency and elsewhere. We did pay toward those lands out of this special fund. That special fund, in so far as British Columbia is concerned, I think, what is considered to be probably the last vote, is in here now and has already been passed to clean up those expenditures that we had undertaken before. Between now and the next session there may be something else that has to be put in that vote, but there is no intention this session of putting in new amounts to start new projects in connection with that vote.

What they have in mind is, I think, since the lands and resources are entirely under the provinces—and in British Columbia they have always been—that is a provincial responsibility, and, if they were coming here to ask for assistance, then they should have all the details that are necessary in order to place the case before the government here. Then the matter would be considered on its merits at that time.

Mr. Herridge: I thank the minister for his complete answer. I might mention that the works that were undertaken in the fruit-growing areas were in Okanagan south.

Mr. Gardiner: Yes.

Mr. Herridge: I understand, then, that you would expect that if an application were to be made for further assistance under this act, British Columbia would base that application on a survey of the areas which they were considering at that time.

Mr. Gardiner: They would be in a much stronger position if they did.

Mr. Hahn: I have been interested in that question, and I raised the question earlier in the session, as indicated at page 3455 of *Hansard* this year and again on May 10, when the minister indicated something of what he has said today. I do not want to extend the debate any further, but he did raise a few questions in my mind in his answer, which I suppose is not unnatural. He said, as I recall it, that the reason for non-extension was that certain sections were settled in British Columbia that were not suitable to Ottawa. The area about which I spoke earlier in the session was the lower mainland of British Columbia, which was certainly suitable for agriculture but which required particular work.

Later he went on to say that the reason why it is not extended is that lands and resources have been under the provinces, and these have been under the province of British Columbia, ever since confederation. I am satisfied that lands and resources are under each of the provinces. Today we have the P.F.R.A. in Saskatchewan and Alberta, and those provinces have control of their lands and resources. I cannot agree with the argument of the minister when he makes that particular statement.

I wish to ask him, though, as he has perhaps indicated that this is not going to be extended this year, has he not received a request from the British Columbia government as outlined by the member for Kootenay West and as outlined by the minister himself, for an extension of this particular service under the special act that the minister cited a few moments ago, asking that special consideration be given to the lower mainland of British Columbia, more particularly to the section of

the Mud bay diking area and the Colebrook diking area and the others raised earlier this session?

Mr. Gardiner: All I can say is that there have been applications made and that so far the government here has not been prepared to spend money on those projects.

Mr. Hahn: Is the reason for it included in the two reasons mentioned just a few minutes ago, namely that the areas are not settled in a way suitable to the wishes of Ottawa or because the provinces have controlled all lands and resources since confederation?

Mr. Gardiner: I did not understand that I said a few moments ago that it was because they were properly settled or not properly settled. If I did, I want to withdraw it because I did not intend to say that. The reason I gave was that the lands and resources are under the provinces. I think my hon. friend misunderstood what was said with regard to the P.F.R.A. area. Those lands and resources were not under the province—either the province of Alberta or the province of Saskatchewan—when those provinces were set up. They were settled from Ottawa until 1931. Practically all the land in those areas had been homesteaded. All that were fit to homestead were homesteaded before that time. So it was decided here over 20 years ago —21 years ago this month, to be exact—to make some expenditures in that P.F.R.A. area because of the past history of it, and that past history does not apply any other place in Canada. All the other lands were under the control of the provinces right from the time they went into confederation.

Mr. Hahn: I fully recall when the provinces received their provincial autonomy in respect of lands and resources and that it was in 1931, because I lived in Alberta at that time. But it seems to me that P.F.R.A. came into effect a while after that period. Was it not about 1934?

Mr. Gardiner: In 1935.

Mr. Hahn: Then am I to gather that P.F.R.A. was instituted in compensation for or in lieu of the fact that from 1905 to 1931 the provinces did not have control of their natural resources?

Mr. Gardiner: I would not say it was in compensation. It was realizing the fact that the people had been put on land where they could not earn a living. They were in the drought area. It was realized that there were 1 million people settled there and that a very considerable part of them were having some difficulties on account of the fact that drought prevailed there. The Prairie Farm Rehabilitation Act was set up for the purpose of trying to alleviate their position and the Prairie Farm Assistance Act was set up to take care of them in the meantime. We attempted to get as many people as we could out of the area. We have been moving them out into irrigated districts, some of them in Alberta even when the person was moved from Saskatchewan.

Mr. Hahn: I have one final question, or at least I hope it is final. Has the department any particular question on which they are making a decision in respect of the extension of this special grant to the province or this special allowance that is being considered, but not at this time? I understand we passed it earlier. In other words, at this time is any consideration being given to any project in British Columbia that the government might assist in?

Mr. Gardiner: No. The position is that when we went into the Pemberton flats and had this vote set up for the purpose of taking care of the situation, the settlers in the Pemberton flats were returned men of the first war. They had been put on the land by the federal government. They had been put on land in that area which, as matters turned out, was flooded periodically. The stream in question, namely the Pemberton river which flows through that area, overflowed its banks. If even a tree fell into the river it started a dam to form from the silt that came down from the mountains, and started the river running in through these men's farms. When we went there first, these men could not work their farms at all in the summer months because the river had spread across their farms. We undertook to dike that river so that their lands would be safe. We did that because they were returned men who were put on the land by the federal government. We carried out that project at considerably greater cost than any of us thought would be involved when we started. Then we took on a similar thing down in the Okanagan district for returned men of the second war. They were largely sons of returned men of the first war. The fathers lived down on the flats near the river. This was at Penticton. There is an area above that on the higher lands on which the sons who came back from this war wanted to settle. We joined up with the Department of Veterans Affairs and the provincial government in making it possible for them to settle there.

Then the other project that was proposed was at Kamloops and it also had a percentage of returned men on it. But eventually we came to the time when, because of the discussions that were going on with regard to

the marketing of apples and the marketing of fruit in general, we could not take the position from here that we were going to extend the production of the crop in British Columbia, and that any responsibility for that action would have to be taken by the provincial government. I think that the provincial government and ourselves were somewhat in doubt as to whether we should be extending apple growing at a time when we were finding difficulty in marketing the apples that were there. But the projects that we dealt with at Pemberton, Penticton and elsewhere through that area were for returned men and we thought we had some special responsibilities in that regard. The provincial government put in roads and helped put in bridges and that kind of thing for which they felt they had a responsibility. We made agreements and carried them out.

Mr. Hahn: From the answer I have received, Mr. Chairman, I fully realize that the minister did not answer the last question I put to him. He has given a fine historical background of the present condition to which I have referred.

Mr. Gardiner: Mr. Chairman, I must say that if I did not answer it, I intended to do so, because I said this. Both the provincial government and ourselves came to the conclusion that we should not be extending apple-growing areas in British Columbia at a time when we could not market the apples we already have. We said definitely to the British Columbia government that, under no circumstances, will we take responsibility for saying that a change should be made in the farming operations in British Columbia, that such a thing will have to be done by the provincial government and that we will consider the question as to whether we will support it. But the main reason why we have come to the end of the expenditures at present is that we were dealing only with returned men and we think we have gone as far as we can in that matter.

Mr. Hahn: The point I wish to make is that the district about which the minister is speaking is the apple-growing district. I am not interested in the apple-growing district because apples are not the chief crop, by any means, in the area which I represent and the area about which the minister of agriculture for the province of British Columbia wrote to this minister, as I understand it, asking for an extension. The province of British Columbia apparently has changed its mind in respect of this question which the minister has explained so well. But I am more particularly interested in this matter: What consideration is going to be given in future and what consideration must be brought to the government's attention if there is going to be any extension? Is it going to be necessary, for instance, that the province of British Columbia prove to this government that there are war veterans in these areas or that the major number of the farms are operated by war veterans? Is that one of the underlying reasons behind the extension of P.F.R.A. or the special grant, or is it just a matter of application by the provincial government? I should like to know,—and I am satisfied my province and more particularly the farmers would—how they are ever going to be able to get assistance from the federal government. We had the mudflats flooded, the dikes went out. I think the provincial government spent some $10,000 in assisting the farmers there. I do not know what the federal government did, if anything. We have each of these diking areas, as I mentioned,—and I do not wish to have to repeat this—which are growing vegetables or used generally as a market-gardening area of British Columbia. That is the finest part of it, at least on the lower mainland, and it is most important that these people get some assistance. Has it been established to the satisfaction of the federal government and the provincial government alike that this is entirely a provincial responsibility? Are they agreed? If so, then I do not wish to take up any more of the time of the house.

Mr. Gardiner: That is the case.

Mr. Hahn: That is, it has been definitely established between the two governments it is a provincial responsibility.

Mr. Gardiner: That is not only the best farming area in British Columbia but it is the best farming area in Canada and the best farming area in the world that I know anything about. The lands were originally owned and operated by the province. They are entirely under the administration of the province. We are not assisting in that kind of thing anywhere else in Canada, so we do not assist there.

Mr. Charlton: Certainly, it is not my intention to hold up these estimates, but in view of the remarks that have just been made by the hon. members for the Kootenays, and since that suggestion was made to the minister, I want to say that we in this group also have suggested on various occasions that the Prairie Farm Rehabilitation Act be extended to take in all of Canada. I have suggested before in the house that I thought it probably could be worked in co-operation with the provinces. A scheme could be designed to

take over flood control, conservation and rehabilitation. There are just as many places in eastern Canada as in western Canada that should not be farmed, as the minister well knows. I think probably this whole question could be worked out in co-operation with the provinces and would go quite far towards working out flood control, conservation and rehabilitation of land that is not suitable for agricultural purposes.

Item agreed to.

42. Major irrigation and reclamation projects in the prairie provinces, $7,050,000.

Mr. McCullough (Moose Mountain): I want to deal with a situation that has been brought up many times in this house by me as well as by other members from Saskatchewan, namely, the flood situation which developed in Saskatchewan last year. I want to say first that I think this government has been profound in its indifference and its inaction in respect to the situation in that province.

At the beginning, I want to say to the Minister of Agriculture that he did make certain statements in Saskatchewan during the course of a visit there, as recorded in the *Leader-Post* of February 18, 1956, which should be smacked right on the nose at this time. The minister is reported to have said that flood relief is a provincial responsibility and the government failed the people. They waited for us, he said, while the other provinces went ahead with what they had to do and billed us later. I would like to say right at the beginning that nothing could be more false because in the early days of the flood, not only did the provincial authorities set up committees of the municipalities throughout the province to gather information and determine with all possible expedition the extent of the damage, but in addition they immediately set up a fund of $1,600,000 for an emergency drainage program. The government also voted $1 million in the supplementary estimates for the municipalities.

I want to say, Mr. Chairman, and I think all members of this house will agree, that I want democracy in this country to work for the benefit of all our people. We do not want discrimination, and we have had discrimination. I am asking that this Liberal federal government come out from behind the curtain and be fair with all the people of Canada. I want to say, too, that I think the statements made in this house by the Prime Minister concerning the flood have been completely misleading. They misled the provincial authorities in the early stages of the disaster which struck that province. On many occasions I asked what assistance was this government going to give to the province of Saskatchewan—

Mr. Gardiner: I rise on a point of order, Mr. Chairman. If my hon. friend was going to discuss that he should have discussed it on the last item. This question has nothing to do with the large projects here, and that item has been carried.

Mr. McCullough (Moose Mountain): I would suggest to you, sir, and to the house that perhaps the minister would like these estimates to go through. I have been waiting for some time for the other members, and I am speaking on 41.

The Chairman: Item 41 was carried some time ago.

Mr. McCullough (Moose Mountain): I do not care if it is 41, 42 or 43; they were all allowed to stand.

Some hon. Members: No.

Mr. McCullough (Moose Mountain): I can understand why the Minister of Agriculture would not like me to make my remarks.

Mr. Gardiner: I have no objection to my hon. friend making remarks. He says that what I said was false, and everything he has said up to the moment is false. I can answer everything here or elsewhere anytime, but he is out of order; it is not this item.

Mr. McCullough (Moose Mountain): I am going to leave it to you, Mr. Chairman. I say that perhaps I am using live ammunition and pretty heavy artillery on the minister and he does not like it.

The Chairman: It is not a question of artillery, it is a question of relevancy. If I may interject here, we are now on an item dealing with major irrigation and reclamation projects in the prairie provinces. Now, I presume, without having too much knowledge of the item—would the hon. member please resume his seat—that it deals with specific items of expenditure. If that is the case, we must relate our remarks to those specific items. I would ask the hon. member to co-operate in that respect.

Mr. Castleden: Speaking to the point of order, I would say that I believe the hon. member was on his feet getting ready to speak on item No. 41 when several people shouted "carried".

Some hon. Members: No.

The Chairman: On the other hand, may I say this? When the hon. member rose I said "on 42", and the hon. member proceeded to speak on 42.

Mr. Argue: The hon. member for Moose Mountain has been in his seat all morning waiting to make a speech on the flood situation. It may be that No. 41 was passed, but I suggest to you that we would make better progress in committee if you did not firmly rule that 41 was passed or you let him make his statement on 42. I think it is a little debatable whether prairie farm rehabilitation would cover the project to which the hon. member refers or whether it might more properly come under a general reclamation project as was done in connection with the floods in Manitoba. In any event, I would suggest, Mr. Chairman, that the hon. member for Moose Mountain be allowed to proceed.

The Chairman: In that respect, of course, I cannot transgress the rules of relevancy. It is my duty to apply them to the best of my ability. I am in the hands of the committee. If the committee wishes to give the hon. member for Moose Mountain permission to revert to No. 41 for the purpose of making this statement, I am in the hands of the committee. Is the committee agreed?

Mr. Howe (Port Arthur): Surely, at this stage of the sitting we should abide by the rules. There is no reason why the hon. member should be allowed to depart from them.

Mr. McCullough (Moose Mountain): I am not just too clear on this point. I do not think the Minister of Agriculture will disagree with me when I say that this whole matter has been confused by his statements. In other words, I do not know just what item is the proper one under which to deal with this matter. There has been a reference made to the Water Conservation Act; the reference has been made to P.F.R.A., and I am not too sure that I am out of order regardless of what this item says.

Mr. Howe (Port Arthur): The Chairman says you are out of order.

Mr. McCullough (Moose Mountain): I would have to refer to these various pieces of legislation, so I think I am quite in order.

Mr. Gardiner: The hon. member was in the house, there is no question about that. We had a discussion here for at least half an hour about flood control and what this government did about flood control. In answer to the hon. member who just took his seat a few moments ago, I stated that we did not do that in any of the provinces of Canada and therefore we were not going to do it in British Columbia. Now, that was the question. That is the question that is being raised now, this matter of handling flood control in those areas. The detail of the item we are on now appears on page 132, and it is as follows:

Bow river irrigation project, St. Mary's irrigation project, South Saskatchewan river development, Boundary dam, Fifty mile reservoir, Buffalo Pound lake reservoir, engineering services for major irrigation and conservation projects.

Those are all the items that make up the $7,050,000. There is nothing in here about flood control at all. Anything that I may have said or anyone else may have said with regard to flood control does not properly come under this item.

Mr. McCullough (Moose Mountain): Unless you rule me out of order I feel, sir, that I am quite in order. While we were discussing the item some hon. members called out "carried". I rose to my feet immediately, and whether or not we were on the present item or the previous item, I think I shall have to leave to the Chair to decide. I felt that I was quite in order in rising at this time to make my remarks. I want to continue, Mr. Chairman.

Mr. Howe (Port Arthur): May we have your ruling, please?

The Chairman: Order. I regret there has been a misunderstanding with regard to the passage of item 41, but I think it is quite clear that item 41 carried. When the hon. member for Moose Mountain rose to his feet I said, "On resolution 42", and the hon. member commenced his speech. He well knows that if he had wished to speak on item 41 he would have said, "No, Mr. Chairman, on 41". Therefore, I must rule that item 41 was duly carried and that we are now discussing item 42.

The hon. member well knows also that when we are discussing an item in committee of supply we are governed by standing order 59, subparagraph 2, which reads as follows:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

As the Minister of Agriculture has pointed out, the details of resolution 42 are found on page 132 of the blue book. The particular projects are as follows:

Bow river irrigation project, St. Mary's irrigation project, South Saskatchewan river development, Boundary dam, Fifty mile reservoir, Buffalo Pound lake reservoir, engineering services for major irrigation and conservation projects.

These are specific projects, and I regretfully must rule that a general speech on flood conditions would not be relevant to this item.

Mr. McCullough (Moose Mountain): In view of your ruling, Mr. Chairman, the only

[The Chairman.]

thing I can ask is the indulgence of the committee to revert back to the other item, if the committee feels inclined to grant it.

The Chairman: Has the hon. member permission to revert to resolution 41?

Mr. Howe (Port Arthur): No.

Mr. Goode: I think some members of the committee should reply to that. The hon. member is an experienced member of parliament. He sat here and knew that item 41 had passed. He has been on his feet much of the time this morning. He knows exactly how to handle himself. I think your ruling is correct, and we should now go on with the business of the committee.

The Chairman: Resolution 42.

Mr. Argue: Mr. Chairman, at this time I want to express the support of the C.C.F. group and the C.C.F. government of Saskatchewan for an immediate start on the building of the Saskatchewan dam.

The Minister of Agriculture still has an item in the estimates for $500,000 entitled "South Saskatchewan river project". The minister has kept this thing alive in the press and in the house for only one purpose, and that is to mislead the people of western Canada into thinking that he or the government has some intention in the near future to do something about this project. Although the Minister of Agriculture and other colleagues of his in the cabinet at every election campaign for the last 10 years or more have dangled this before the people of Saskatchewan, nothing has been done about it. One excuse after another has been used. In the 1945 federal election campaign and in the 1949 federal election campaign, the line was, we are making surveys, we believe it will be in the national interest, elect us and we will be prepared to proceed with the building of the South Saskatchewan river project. But in spite of all the promises nothing has been done. Instead of getting ahead with the project we are going back.

The minister has taken the attitude over the years, until very recently, that the federal government was prepared to build the project. Now they are trying to slough off some of the cost on the provincial government without any clear commitment that they are prepared to go ahead with the project. The Prime Minister has set himself in opposition to this project. He has asked the people of Canada to produce hundreds of millions of dollars for the St. Lawrence seaway, for projects in other parts of Canada—

Mr. Hosking: Do you disagree with that?

Mr. Argue: Not at all. But he has said, as far as the people of Saskatchewan are concerned, they will not get the dam. "We do not think the project is in the national interest." I suggest to you that that is rank discrimination against the people of one province and of one section of Canada. The Prime Minister himself is the great obstacle to this project. The Minister of Agriculture, of course, knows that perfectly well. When from time to time we ask the Minister of Agriculture questions on the orders of the day about the South Saskatchewan river project and when the Prime Minister is in his seat, the Minister of Agriculture is not true to his normal form when he is prepared to stand up and make a statement quickly and in a clear voice, and debate the issue if necessary; he slumps back in his seat, looks at the Prime Minister, worried. He wonders whether he can get a nod; he takes another look at the Minister of Trade and Commerce and, because the Minister of Agriculture knows full well that his colleagues in the cabinet, with the Prime Minister of this country, are determined that this project shall not be proceeded with because they have said so—

The Chairman: It being one o'clock—

Mr. Harris: Before we do that, may I say I think it is obvious that we are getting behind in our plans for prorogation. We have accommodated my hon. friend, I think, twice in this debate. I wonder whether the committee would agree to sit on until we complete it; otherwise we shall not even reach our understanding.

Mr. Nicholson: I am quite anxious to co-operate, but I think we should remember the staff are under a tremendous strain. We can duck out, but we should think about the *Hansard* staff and the protective staff. They have a very tough job these days and they should get their regular luncheon period.

Mr. Harris: I think we can abridge it by half an hour at least.

Mr. Nicholson: Could we give the staff an hour and a half from the time we finish until we meet again?

Mr. Harris: I think an hour would be sufficient, surely, if we could go to half past one and meet again at half past two.

Mr. McCullough (Moose Mountain): Mr. Chairman, I object to any changes being made in the procedure of this house. We have been sitting here from eleven o'clock in the morning to eleven o'clock at night.

Mr. Argue: You asked for it a little while ago.

Mr. Castleden: That is what you wanted. There is no unanimous consent, sir.

The Chairman: It being after one o'clock I do leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Argue: Mr. Chairman, at one o'clock I had been saying that the Prime Minister of this country has told us time and time again that as far as he is concerned building the South Saskatchewan river dam is not in the national interest. The people of Saskatchewan resent that attitude very much because they feel they are entitled along with the other provinces in Canada to a share in the beneficial public works that are inaugurated in this nation. They resent it, too, because they believe the South Saskatchewan river project is one that is very definitely in the national interest because it is important to a large geographic area and because a large irrigation project such as the South Saskatchewan dam would mean the irrigation of some 500,000 acres of land. This would assist in stabilizing agriculture in western Canada, would save the provincial government undertaking fodder and seed measures from time to time and would go a long way toward stabilizing the whole economy of that region and subsequently the economy of the nation.

In spite of the fact that the Minister of Agriculture knows full well it is the Prime Minister and others of his colleagues in the cabinet who are standing in the way of the South Saskatchewan river project the minister does not hesitate to make public statements that are misleading, and not in accordance with the facts. As a matter of fact the Minister of Agriculture has attempted to transfer to the government of Saskatchewan the blame for no progress being made on the South Saskatchewan river dam. He went out in his recent Saskatchewan election campaign and not only attempted to blame the Saskatchewan government for the delay of the federal government but he came rather close to using political blackmail when he said that as long as the provincial treasurer of Saskatchewan, Mr. C. M. Fines, occupied that post, as far as he, the Minister of Agriculture, was concerned, there would be no development of the South Saskatchewan river project.

The Minister of Agriculture made other statements as reported in the Regina *Leader-Post* of June 12 under the heading "Gardiner Blames Fines for Delay", and said that the federal government was prepared to pay 75 per cent of the cost and the province had refused to pay the other 25 per cent.

In case it might be said that I am not quoting from the press report correctly I shall quote the article. The first paragraph reads as follows:

> Estevan (staff)—Speaking in support of Jim Cinnamon, Liberal candidate for the Souris-Estevan constituency, agriculture minister James G. Gardiner, at the Canadian Legion hall Monday, blamed provincial treasurer, C. M. Fines for the delay in building the South Saskatchewan river dam. Mr. Gardiner said the dam was a provincial matter—

Listen to this.

> —and except for the matter of costs and size of the project, was no different from the proposed dam for Long Creek. He said the federal government had agreed to pay 75 per cent of the cost and that would leave $20 million for the provincial government to find.

As soon as the premier of the province of Saskatchewan saw this report in the Regina *Leader-Post* he immediately sent the following wire to the Prime Minister under date of June 14, 1956:

> Right Hon. L. S. St. Laurent,
> Prime Minister of Canada,
> Ottawa.
>
> Rt. Hon. James G. Gardiner has stated publicly at Estevan June 11 that federal government prepared to pay 75 per cent of the cost of South Saskatchewan river project. Saskatchewan government prepared to accept this offer if it is made with full authority of federal cabinet. Please confirm.
>
> T. C. Douglas.

Of course, the answer was that the Minister of Agriculture was not speaking for the federal government when he said they were prepared to begin the project if the Saskatchewan government would produce $20 million.

Mr. Gardiner: Who made that reply?

Mr. Argue: The Prime Minister made the reply that he was not prepared to start the South Saskatchewan river dam.

Mr. Gardiner: I mean what was the reply to the telegram that was sent by the premier to the Prime Minister?

Mr. Argue: The Prime Minister made the reply—

Mr. Gardiner: Certainly he made a reply and he did not say what you are saying.

Mr. Argue: He made the reply that there would be no start made on the South Saskatchewan river project.

Mr. Harris: Read it.

Mr. Gardiner: Read the telegram.

Mr. Argue: I will read the telegram and after that I will read the statement the Prime Minister made in the house a few days ago.

Mr. Harris: Ah, that is different.

Mr. Argue: The telegram sent by the Prime Minister under date of June 18 reads as follows:

Ottawa, June 18, 1956

Honourable T. C. Douglas,
Premier of Saskatchewan,
Regina, Saskatchewan.

Re your telegram of South Saskatchewan project I understand Mr. Gardiner's speech to which you refer contained no statement of any federal offer but was mainly recapitulation of portion of his letter to you of January 10, 1955 concerning costs attributable to power and statement that provincial government had never proposed to pay fully and promptly for these power costs. I do not believe this is the time to try to work out arrangements by telegram on this important project.

Louis St. Laurent.

Well, the Prime Minister was a little shifty in that telegram, too, but of course the Saskatchewan election had not yet taken place. After the election was over, however, the Prime Minister spelled out exactly what he had in mind in writing that telegram when he replied to a question of mine on July 16 last. As a matter of fact I merely repeated to the Prime Minister the same question I put to the Minister of Agriculture, who was the acting Prime Minister at that time, a few days after the Saskatchewan election. The question reads as follows:

Has the federal government now decided that the building of the South Saskatchewan dam would be in the national interest? Has the government made any offer to Saskatchewan as to the terms on which it would agree to proceed with such construction?

The Prime Minister replied as follows:

Mr. Speaker, the answer to the two questions is a negative one. No decision has yet been made that the government would take the responsibility of recommending that project as one that is in the national interest.

The Prime Minister has shut the door on the South Saskatchewan river project but the Minister of Agriculture does not hesitate to go out to Saskatchewan—

Mr. Gardiner: The Prime Minister said the government has taken no decision.

Mr. Argue: This is the question:

Has the federal government now decided that the building of the South Saskatchewan dam would be in the national interest?

The Minister of Agriculture knowing that no decision had been made to build the project—as a matter of fact knowing that decision after decision had been made not to build the project—said in Saskatchewan, according to the Regina *Leader-Post*, that the federal government had agreed to pay 75 per cent of the cost and this would leave $20 million for the provincial government to find.

I would like to learn from the Minister of Agriculture whether or not the government at this time has decided to proceed with this very valuable and important work?

The Chairman: Shall the resolution carry?

Mr. Argue: No. I have asked the Minister of Agriculture whether the government—

Mr. Gardiner: When you get all through I will answer all that you are saying; go ahead.

Mr. Argue: We would like to hear from the Minister of Agriculture an explanation for the kind of antics in which he was engaging a few weeks ago.

Mr. Gardiner: Are you all finished?

Mr. McCullough (Moose Mountain): If the minister needs to be smoked out perhaps a few more blasts at him will accomplish that fact. I confirm what the hon. member for Assiniboia has said. The minister took the opportunity to go down to my constituency during the election—

Mr. Hodgson: No, he wouldn't do that!

Mr. McCullough (Moose Mountain): —and once more he held out a carrot for the people of my province before the election. Of course, as hon. members of this house know full well, he was not successful in his attempt because we had the good fortune to elect the C.C.F. candidate, a young man who is a student of economics, and he is now sitting in the legislature there.

Mr. Gardiner: We won by 300 votes in your constituency and that is what is worrying you.

Mr. McCullough (Moose Mountain): That is all right. It is pretty understandable why the Liberals in this house are particularly touchy on this question because it has been their practice during provincial elections and sometimes during federal elections to go out and try to convince the people of Saskatchewan that this government intends to do something about this very valuable project. That has been the history of this matter before every election. The minister in particular has indicated that he was in favour of this very valuable project in order that the people of Saskatchewan might assume that the federal government had some intention of going ahead with the construction. In spite of the fact that for years the provincial government has in my opinion upped their agreement in

respect to the cost of this project the federal government still reneges and refuses to take any action in the matter.

I agree with the hon. member for Assiniboia that the time has come for the federal government to really take definite action. I do not think it is satisfactory for the Prime Minister to be the only one needing to be convinced. I believe the people of the province have the right to ask the Prime Minister to make up his mind. I know full well that when the St. Lawrence seaway project was mooted in this house I was astounded with the rapidity and agility with which the government undertook the project. I supported it because I thought it was in the interests of Canada, but I do not think politics should be played with this matter or that there should be discrimination against the people of Saskatchewan just because they happen to have a government which the Liberal government here in Ottawa does not favour. As I indicated this morning in respect to flood damage —I think this is almost a comparable situation—in that case this government has given only a mere pittance of $60,000 in connection with another disaster in the province. Now in connection with this particular matter they will not come up and give a single dollar.

I might say further that it astounded some of us when the St. Lawrence seaway project was broached in this house that no argument was offered that the rich province of Ontario was going to be subsidized to the extent of $30 million annually in the way of power. That will be the result of that project. We were not unhappy about it and we went right along with it, but in this case where it has been proved by surveys which have been made to be a worth-while project we think there should be action by the federal government.

An hon. Member: Carried.

Mr. McCullough (Moose Mountain): Let me say to hon. members that I have sat here for some weeks without rising from my seat. If the hon. member would like to go home, let him buy his ticket and leave. We have some important things to discuss and I intend to discuss this matter.

On May 17, 1955, there was a motion before this house for the construction of the South Saskatchewan river project. I recall that on that occasion every Liberal member from Saskatchewan voted against the immediate construction of that project. The Minister of Agriculture sees fit to go out and criticize the provincial government for not being ready to do this or that, as he did on the occasion I indicated this morning. But he was completely wrong in respect to flood assistance and the same with this project. The Saskatchewan government has been ready at all times to undertake this on any fair basis that the federal government will agree to. On May 17, 1955 when this motion was before the house every last Liberal member from the western provinces voted against it. The hon. member for Rosthern, the hon. member for Qu'Appelle and the hon. member for Swift Current-Maple Creek all voted against it, as did the Minister of Agriculture. The only reason the minister could give for having voted against it was that it was a vote of non-confidence in the government.

If we had more help from western Liberal members on this matter we might get somewhere. I know it has been the usual thing for the Minister of Agriculture to say in the west, "Send us a few more Liberals if you want to get something done on the prairie provinces." They have half a dozen more of them here now but I do not see any more support for this worth-while project.

I do want to point out that we feel there has been an injustice done in respect to this worth-while project. The 1953 survey —I might note that that was an election year—carried on by the federal government was an intensive survey. A report was made to this government. There again the only person who needed convincing was the Prime Minister. I suggest that the time has come when this government should take some action and not leave this matter dangling in the air. I shall be interested to hear the comments which the minister will make when I sit down. I say once again that when he spoke at Estevan in my constituency he led the people to believe that the government had changed its mind and something would be done on this project.

Mr. Gardiner: Mr. Chairman, I cannot let these remarks go by without making an answer although I hesitate to take up the time necessary to give a full answer. I think I shall read from the same paper from which my hon. friend quoted a few minutes ago in order to place that answer on *Hansard*. I quote from the Regina *Leader-Post* of June 18, 1956, as follows:

> Mr. Gardiner said he had made the statement often that the South Saskatchewan river project was definitely a provincial responsibility no different from the situation at Estevan where the provincial government contemplated a dam and reservoir.
>
> "When it undertakes construction of the program at Estevan, which it should, the provincial government admits that responsibility. It is understandable, however, that because of the greater cost of the S.S.R. dam, the province should seek financial support from Ottawa," he said.
>
> "This possible support has been discussed at meetings between the province and me, usually

under the chairmanship of Premier Douglas, always after a full discussion with my colleagues in council.

"The provincial government agreed that if the federal government would undertake to construct the dam, which it was estimated would cost $80 million, the former would pay 25 per cent of the cost," he said.

This would relieve the federal government of any charge that it was paying for power for the province provided the province also paid for the penstocks as part of the power plant. (Penstocks are the pipes in the dam carrying water to the turbines.)

However, Mr. Gardiner said, his government had stated that agreement on these points did not commit it to an expenditure of 75 per cent of the cost of the dam and reservoir.

"Prime Minister St. Laurent has always maintained he is not yet convinced the dam is sufficiently in the national interest to justify federal investment of $60 million. The provincial government has not considered it sufficiently in the interests of the people of Saskatchewan to offer to pay more than 25 per cent", he said.

"Mr. Fines has from the beginning questioned whether it would be in the provincial interest to pay even 25 per cent of the costs. In 1950 he questioned whether the province should pay any part of it. Eventually in 1954 and 1955 he went along with proposal it might pay 25 per cent provided the dam was built with federal money and the province was allowed to pay its share with earnings from power after the dam was completed."

Mr. Gardiner said he refused to accept Mr. Fines proposal because it would not be acceptable to the federal government and it would be indirectly subsidizing power development. He offered an alternative: that the provincial government pay its 25 per cent as the work progressed by assigning $2 million each year for ten years from the revenues it was entitled to under the tax rental agreement with Ottawa.

"Mr. Fines took the position he would not be able to finance the province under those conditions," Mr. Gardiner said.

"I asked him then if he could pay half and give provincial treasury bills payable over 20 years for the balance."

This was the only proposal he ever made without first consulting the government, Mr. Gardiner said, and Mr. Fines stated he could not agree to it.

"I was very pleased he had turned it down when I returned to Ottawa and found it would not have been acceptable there either," he said.

At this point, Mr. Gardiner said, he arranged meetings between committees of the two governments and was present at them on the invitation of the Prime Minister. Both Mr. Douglas and Mr. Fines never made any suggestion they were prepared to make any change in their attitude toward paying for the penstocks, he said

"I still contend it will be necessary either that Mr. Fines change his mind or we get a new provincial treasurer if we are to get consideration of an early decision on the dam."

That is the statement that was made. My hon. friend says that the Prime Minister has definitely said, "We are not going to build the dam." The Prime Minister has never said any such thing. Each time that the questions have been asked in this house, they have been to the effect "Is the government now prepared to proceed?" and the Prime Minister has said no to that question, but he has never said no to the possibility of the South Saskatchewan dam project being carried out if terms satisfactory to both governments can be arrived at at some time.

As has been stated by my hon. friend, no one questions the fact that I have always advocated the dam. I still advocate it and I am going to continue to advocate it, no matter what position either he or anyone else takes on it. I think it is in the interests of Saskatchewan if it is not in the national interest, and I am still open to conviction on that point, but whether it is in the interests of all Canada or not I know it is in the interests of Saskatchewan and I want to say that if I were head of the government of Saskatchewan today I would build the dam. I should like to know why the government of the province of Saskatchewan is not prepared to come right out and say, "We will spend even more than 25 per cent; we want the dam built", and try to convince the rest of Canada that they are so much interested in building it that the rest of Canada should help to the greatest extent possible.

Mr. Knight: Would the minister permit a question? Did you permit the Alberta government to pay in toto for the dam that was built there?

Mr. Gardiner: We insisted on the Alberta government agreeing to pay dollar for dollar what we pay, and that is quite a different thing from paying 25 per cent.

Mr. Argue: In Alberta there was a division dollar for dollar on the whole project but not for the dam itself.

Mr. Gardiner: There was a division of 50-50 in the expenditure on the irrigation project that is based upon the dam, but the dam in Alberta is solely an irrigation dam. It has nothing to do with power, nothing to do with supplying water to communities; it is purely an irrigation dam. There was that arrangement made as between the Alberta government and the federal government.

Mr. Argue: When the Minister of Agriculture was engaged in so-called negotiations with the cabinet of Saskatchewan, he was not under the instructions of this government to discuss the terms of an agreement.

Mr. Gardiner: That is an absolutely false statement and it is only based on the remarks of a gentleman who has all the files in his possession in Regina, and I have them all before me on this desk, and they are before members of this house, and it can be proven from those files that every discussion that I had in Regina with the government was first under discussion with the federal government here. The only time I departed

from the undertakings given at cabinet as to the things I was to discuss was the incident I mentioned where I suggested that they pay only half the amount and give bonds spread over 20 years to pay the other half.

Mr. Argue: Then the statement of the minister is wholly and completely inaccurate and false. I am not the one to throw the word "false" into this debate at any time. I do not use that term, as far as members of this house are concerned, but when the accusation is used at me I do not hesitate a moment to throw it back. When the Minister of Agriculture entered into these negotiations with the cabinet of Saskatchewan, he had not the authority and was not under instructions from the federal government to conclude and sign an agreement.

Mr. Gardiner: Yes, and the provincial government understood that from every letter written to them; every time I met them that was made absolutely certain, that there could be no undertaking that it was an agreement until such time as the proposed agreement was ready for signature.

Mr. Argue: When the agreement was ready for signature, there was no signature from the federal government. The minister was out there engaged in loose talk and without authority from the federal government, from the cabinet, to sign an agreement. But I am really astounded at his statement that if he were premier of Saskatchewan today he would be prepared to place the total burden of building the south Saskatchewan project on the economy of Saskatchewan itself—

Mr. Gardiner: I did not say that.

Mr. Argue: —while other parts of Canada were getting many of their projects aided by the federal government, and I am glad and proud that the government of Saskatchewan has said to the Minister of Agriculture that neither he nor anyone else will lead Saskatchewan into signing an agreement that is not on the same general terms as similar agreements signed by other provincial governments with the federal government.

Mr. Gardiner: The words of my hon. friend have made it necessary for me to read something else.

Mr. Argue: He has a lot of files.

Mr. Gardiner: The hon. gentleman says that I made the statement that were I premier of Saskatchewan I would be prepared to build the dam and charge it all up to the people of Saskatchewan. I did not say any such thing. I said that if I were premier of the province today I would go ahead with the building of the dam, and I am quite sure that if I were premier of the province today, in the light of what our friends in the opposition have said and even in the light of what my hon. friends in the C.C.F. party have said —I do not expect they will ever be at the head of the government here, but they feel there is a possibility of that—and after all they have said, there is no question that if they were here they would pay part of the cost. There is no question that if the opposition were here they would pay part of the cost, and if proper arrangements are made I think there is no question that any government would pay part of the cost. If I were premier of the province of Saskatchewan I would go ahead with that idea in mind, not the idea that this is a responsibility of the federal government and that they ought to do it, which was the beginning of my hon. friend's speech this afternoon, that some time or other I had said that we would do this and therefore, he says, we ought to go ahead and do it.

Mr. Argue: Hear, hear.

Mr. Gardiner: Even if I had said that, which I did not, I am not the whole government of Canada, and I am quite prepared to admit this. There are others who have something to say about this, but in order to refute what has been said I am going to read the last letter that went to the premier of the province of Saskatchewan signed by myself.

Mr. Argue: What is the date?

Mr. Gardiner: January 10, 1955.

Dear Mr. Douglas:

I have your letter of January 3, 1955—

This is the letter that I was reading at Estevan, by the way.

—and in turn am somewhat surprised that you have returned to the position taken in your letter of June 16 when you state:

"If and when the federal government has decided to proceed with the dam we will be glad to discuss with you or with the federal cabinet any details which require clarification."

You will recall that taking that position in June resulted in a discontinuance of discussions between you and me until November 3, 1954. The reopening of those discussions was only made possible by your letter of August 24, in which you stated:

"However the government of Saskatchewan is quite prepared to give consideration to a proposal from the government of Canada setting forth the share of the cost it thinks the government of Saskatchewan should assume, whether or not the proposal is accompanied by an undertaking to construct the dam." I did indicate to you in my letter of August 31, that I had asked Mr. L. B. Thomson to renew discussions with your government. The basis upon which Mr. Thomson renewed those discussions was a draft revised up to September 9th, 1954, which contained the proposal that Saskatchewan pay all costs related to the generation and transmission of power at the main damsite and that Saskatchewan pay 25 per cent of the total cost of the dam which was indicated

as approximately $80,000,000 as work proceeded and did not include the cost of the penstocks which it had already been proposed the government of Saskatchewan should provide for.

Before we were able to arrange a further conference, you wrote the Prime Minister on September 22, 1954, and in that letter stated:

"I would be very glad to go to Ottawa to discuss this matter with you and your colleagues if you can indicate a suitable time for an appointment. . . . I feel that this is an opportune time to review the question of commencing construction of the South Saskatchewan dam."

The Prime Minister replied on September 29, to say:

"If we can come to the conclusion it should be proceeded with, we will not have any serious difficulty in working out the right kind of an agreement with your government. I note that you would be prepared to come to Ottawa for further discussions whenever it might seem that such discussions would expedite a decision,"

That the dam should be proceeded with.

With regard to the question of whether I was discussing this matter under the knowledge of the government:

The Prime Minister indicated in the same letter that I planned to bring the matter before the government of Canada and in commenting on this in your letter of October 5, 1954 you write:

"However, I feel that before any decision is made by your government we should have an opportunity of presenting to your cabinet some of the reasons why we think the construction of the South Saskatchewan dam is in the national interest."

My hon. friends say I have not been discussing this matter with the government. I have nothing from the government. The letter continues:

The Prime Minister replied on October 15th that I would meet you in Saskatchewan shortly and on my return and after a report had been received "we will then let you know if this will appear to us to be an opportune time to ask you to come and meet a committee on the cabinet."

This correspondence resulted in my arranging a meeting with you and other members of your government on November 3rd, 1954. It was immediately contended by Mr. Nollet at that meeting that if the provincial government were going to pay the cost of the penstocks, the federal government should lessen the provincial cost by paying for part of the irrigation cost. I maintained that would result in Canada indirectly paying for power and I was sure the government would not agree.

It was then suggested by some one of your government that 25 per cent of the cost would more than cover all power costs, including the penstocks. I made inquiry and was told that this question had been raised in discussions between officials but had not been discussed with the federal government because the estimates of cost of the penstocks had not yet been determined. I stated I was bound by the conditions of my letter of June 8th, 1954, and that this question should be left for further discussion when the officials had reported.

When we met on December 1, I opened by saying this would be my last appearance personally to discuss the South Saskatchewan river dam with the Saskatchewan government. If any further discussions were necessary after I reported back to Ottawa, I thought they could best be carried on between committees of the two governments, as suggested by you. The same condition of uncertainty existed on the cost of the penstocks because estimates were not available. Since then reports have been made by officials which would indicate that to include 75 per cent of the cost of penstocks in federal payments would result in the federal government subsidizing in some degree your "development of hydro-electric power." I submit, therefore, that it must be agreed by the province that the penstocks are their responsibility if we are to proceed to a consideration of national interest without further discussion.

The two conditions set out in my letter of June 8th, 1954, which was a statement of government policy, were:

"First, it must not directly or indirectly or in effect subsidize in any degree your development of hydroelectric power.

"Second, we must be able to show that the making of this large federal contribution is in the national interest."

As indicated above if the cost of the penstocks included in your 25 per cent payment, your development of hydroelectric power will be subsidized by Canada and therefore must be opposed. The question of responsibility for the cost of the penstocks must be settled before the government of Canada can know what their contribution will be.

Our discussions on November 3rd, 1954, the recent report of the officials on the costs of the penstocks, and my discussion with members of the federal government convince me that it is necessary to have a council meeting such as was stated in my letter of December 22nd, 1954, and that before it will be possible to arrive at a favourable decision on the matter of national interest, it will be necessary to try to come to agreement on the question of responsibility for payment of costs of penstocks and provision for the payment of the province's costs. These agreements can only be reached, if at all, through the meeting in Ottawa of committees of cabinet representing the two governments.

Yours sincerely,

James G. Gardiner.

That is the final letter; and as a result of the writing of that letter I arranged between the premier of Saskatchewan and the Prime Minister for a meeting of those two committees. Those two committees did meet. I was present at the meetings and the discussions end there, all of which my hon. friends will find when they read the record of what was said in the election showing that the statements made that are being brought forward here this afternoon are statements that did not conform with the facts.

The Chairman: Shall item 42 carry?

Item agreed to.

DEPARTMENT OF TRANSPORT

435. Departmental administration, $1,777,100.

The Chairman: Shall the item carry?

Some hon. Members: Carried.

An hon. Member: The hon. member for Danforth is on his feet.

Mr. Small: I have been trying to catch your eye, Mr. Chairman.

An hon. Member: He is easy to see.

Mr. Small: There are a couple of items in the estimates of the Department of Transport that I should like to touch upon. One is the railway grade crossing fund and the other has to do with the Canadian National Railways. Both of these matters come under the supervision and control of the Minister of Transport although he does not have anything to do directly with the operation of them.

Last year when the government implemented the report of the board of railway commissioners they increased the railway grade crossing fund from $1 million to $5 million. There was also a revision of the percentage that the railways and the municipalities would receive. This revision was to relieve the railways and the municipalities who were hard pressed, so under it the municipalities would pay 25 per cent, the railways would pay 15 per cent and the grade crossing fund would absorb the remaining 60 per cent of the cost of crossing protection. The board was also given authority to make grants towards the reconstruction and improvement of some of the present installations up to the extent, I think, of $150,000, and particularly in cases of grade separation. As was mentioned last year, the amount of the fund was increased from $1 million to $5 million.

At the time the increase was made we in this party, and I think the majority of the opposition, expressed the opinion that the amount, while it was large, was still inadequate to take care of the situation with which we were confronted. According to the over-all picture presented last year by the board of transport commissioners, it would take somewhere in the neighbourhood of $700 million and about 33 years to take care of this situation, which we all agree is deplorable, and there would only be 1,400 grade separations completed in that time. Thirty-three years is practically one-third of a century. At the same time, while we are trying to improve the situation there is bound to be an increase in the number of level crossings. At the present time, there is somewhere in the neighbourhood of 33,000 level crossings in the Dominion of Canada, and I believe there are 29,600 that are what we would call unprotected crossings. This would leave 3,400 protected crossings in Canada, and that would include the grade separations. The program that the board outlined in connection with grade separations, meaning overpasses and underpasses or subways, would leave a great deal to be done after it was completed.

The annual report of the board of transport commissioners was just received the other day so there was not very much time to go over it and analyse it. It was a very comprehensive report. This report covers the situation up to December 31, 1955, but covers the grade crossing fund only up to the end of March 31, 1955. A great many of the reports we receive in this house are compiled on the same basis, so they are a year behind when we receive them and almost useless. We are discussing something that is past and gone; we are really not up to date. I think the departments would be well advised if they would try to rectify this situation so that we could have reports that were up to date. If they cannot give us the information up to the end of March 31 of the present year, they could at least bring it up to December 31 of the previous year. At the moment, these figures are not much good because, in this particular case, you are discussing a report of the board of transport commissioners on the grade crossing fund which only goes up to March 31, 1955, which is a year and some few months away from the time we are discussing, perhaps the government could look into the matter to see if something could not be done toward improving this condition.

In this report the board has not given complete figures for the year 1955; they have not brought the figures up to date from the time the board made its report in 1954. However, the statistics on accidents have been brought up to date as of December 31, 1955, and tabled in February, 1956, and comparisons are made with the years 1951-54. The number of accidents for this year is given as 510, and that is about the highest year in the table when compared with 1951, when it was 490. There were 20 more accidents this year than in the previous highest year. According to the board's report there were only 116 new installations of automatic protective devices last year, and there were 74 existing protective devices which were improved upon. Some progress was shown, therefore, but there were also 181 new crossings opened and 31 closed, while there were four highway diversions. Contributions from the fund amounted to $1,219,613, and the projects approved for construction 1955—but that does not necessarily mean starts were made on the work—were 59 railway bridges; 31 overhead bridges and subways; 89 protected crossings with flashing lights and bell; 27 electrically controlled gates and flashing lights. This is all very good, but it does not give us the picture of whether or not there has been any over-all progress in the elimination of these level crossings. I think we are probably slipping back, as we have been

from year to year. The situation is getting beyond us. I do not see anything about the completion of grade separations, so I can only speak of my own knowledge and I know that the Woodbine avenue subway in the city of Toronto was completed last year. It is a very great improvement.

I assume that there must have been a great many requests to the board for work to be undertaken. Naturally, that would follow because when you increase the fund by about 400 per cent you are going to have demands for some work to be done. However, it all hinges upon just how far the municipalities, the railway companies and the provinces can go. If they have not the funds available to keep up with the money that is provided by the federal government, naturally the program is going to be slowed up. This causes us to ask ourselves if we are attacking the problem from the right angle. Although the fund was increased to $5 million last year that increase was not effective until after the house prorogued and therefore there could not be much spent from the fund and it did not really become operative until after the first of the year.

This year's report of the progress that has been made will probably give us a better picture of what has been accomplished with the $5 million that has been set aside. I do not think we have to wait for the report; I think we can probably decide that it will not be adequate to take care of the situation in the future. The board has mentioned that neither the railways, the municipalities nor the provinces are in a position to take full advantage of the fund that has been placed at their disposal.

When one examines the reports of accidents that have taken place he finds that one thing stands out. There were 510 accidents last year, and 80 per cent of them, or 410—I stand to be corrected on that figure—occurred at unprotected crossings. The ratio of accidents at unprotected crossings is the same percentage as at protected crossings. At the turn of the year there was a series of appalling accidents at grade level crossings in the Ottawa district. In the riding adjacent to mine, York-Scarborough, there was an accident right on the borderline on the northeast perimeter of the Danforth riding and the southwest perimeter of York-Scarborough riding. This appalling accident happened there on Christmas day last year.

Scarborough has some 82 grade level crossings of various kinds. Eleven or 12 of them require grade separation, and about 50-odd require what we call protection. Two of them had something done last year. One underpass or grade separation may have been provided. Further applications have been made this year to have more projects started, but that does not mean the board is going to grant them. Around the Toronto area, particularly in the Etobicoke area, the accidents are keeping pace with the number that occurred in years gone by.

I should like to refer to the situation in Brockville, which is evident to one as he goes back and forth to Toronto. I do not know whether there have been any accidents there, but it is certainly a miracle if there have not been any. The people in the city of Brockville certainly must be very patient. The roads are blocked there, particularly when there are freight trains in the station, or when a change-over is being made. The length of time the people have to wait for the crossings to be cleared is provoking. It is a wonder that there are not more accidents at those street crossings.

The board of transport commissioners is to be very highly commended for their action in connection with the railway diversion that took place at the St. Lawrence seaway project. The location of the railways there has to be changed, and a good many subways, underpasses or overpasses or whatever you wish to call them, have to be installed. The railways and the department of highways were adamant in their stand that they did not want to undertake the cost; they did not want to foot the bill for putting in new grade separations. The board had the matter before it, and it is to be highly commended on its adamant position. They insisted on having the proper number of subways installed to protect the people.

It was the same old story that we heard at the time of the erection of the union station in Toronto. It stood idle for over ten years for the simple reason that they could not bring the railways to the point where they would construct the grade separations to protect the travelling public in Toronto. The matter finally went before the courts and they were ordered to put them in. The same situation would have prevailed at the St. Lawrence seaway project if the board had not taken a sound and strong attitude. They took the position that grade separations had to be installed to protect life. In my opinion that is one place where the board proved its worth.

Last year the situation had become rather serious because of the deaths on the highways at grade level and other crossings. A board was formed known as the national accident prevention board, of which the former minister of defence was made chairman for a time. He was succeeded by Mr. Ash, who was the chairman of the Ontario safety league. They got off to a rather late

start, but they have made some wonderful progress. They followed one of the suggestions made in the board's report last year, that an advisory committee should be formed to assist in overcoming the mounting number of accidents on the highways and at grade level crossings. That is one of the right steps to rectify the situation. Greater effort will have to be made to prevent accidents in the future. Probably some of the expenses connected with that campaign can be drawn from the fund, or provision can be made to use funds from the grade level crossing fund to augment the staff who are working on the prevention of accidents in the future. If that fund were used in this way it would be money well spent.

The task of eliminating grade level crossings is an enormous one. At present not much can be said about accidents at grade level crossings this year. As I said, probably next year we shall have a better opportunity to obtain a more complete and thorough analysis of it than this year.

I should like to deal for a moment with the annual report of the Canadian National Railways. I see from the report that in 1954 the Canadian National Railways had a deficit of $28,758,000. In 1955 they had a surplus of $10,717,000. That looks like a pretty good performance, but there are some observations I should like to make which may throw a less favourable light on it. These are the conclusions I have come to. This surplus was built up from the increased revenue accruing from freight traffic. Four-fifths of the revenue came from freight traffic. Then there was a slight increase in the intercity passenger traffic.

In the intercity service, where the traffic was up a little, the increase was stimulated by a greater effort to secure patronage by an improvement in the speed, service and standards and what they call "specials". I suppose that would be excursions between the cities. However, this was offset by a drop in commuter traffic which was induced by modifications to the suburban service. I suppose by "modifications" they mean there was a decrease in the service that was given.

However, I was intrigued by the reference to the punitive deferral on maintenance. No matter how close the balance is in renewing and replacing, it is not only risky but generally it has dire results. The results are poor plant, faulty equipment and bad service. That is eventually what happens.

Further on in the report mention is made of labour. While there was an increase in wages in the payroll of $794,939 over 1954, there was a staff reduction of 2,366, and this no doubt was brought about by the deferring of a maintenance plan and by other means of escaping or evading necessary maintenance. Although they say they want to avoid it I think they have walked right into it, because when you take the average annual wage of the employees involved at $3,152, there would be a payroll saving of $7,500,000, which would make up three-quarters of the 1955 surplus. The future will tell whether this was a good operation. In 1955 there were 116,583 employees and in 1954 there were 118,949 employees, which means a decrease of 2,366. The payroll in 1955 was $375,600,000 and in 1954 it was $376,397,939 which is an increase of $797,939. I can only conclude that this is not a good operation.

Another matter I would like to touch upon is one about which a great deal has been said since the first of the year. I am referring to commuter service, particularly as it relates to the railways. I have already referred to the intercity traffic and service and how the railway really concentrated on increasing the patronage and improving the service. I would like to ask what efforts have been made toward improving the lot of the commuting population and increasing the patronage. Of the entire passenger traffic last year 44 per cent was made up of the commuter population.

Perhaps I could approach this matter best by reading from the report of the board of transport commissioners for Canada for the year ended December 31, 1955. I shall refer to an application of the Canadian passenger association for rescission of the board's order No. 75234, dated September 21, 1950, which prescribed commutation fares. An application was brought for an increase in rates, particularly in the Oakville area. This reference appears on page 14 of the report. I do not think the background details are necessary, and I shall begin by reading the following excerpt from the report:

> The commutation rates in effect when the application was made in May 1954, were prescribed by the board in 1950 by order No. 75234. The railways in this application sought rescission of that order concurrent freedom to increase commutation rates approximately 100 per cent, half of the proposed increase to be effective immediately followed six months later by the full increase. The application affected a number of areas including the Toronto and Montreal areas and the first hearing was held at Toronto and related to commutation services and fares in that area. Following that hearing the board held in a judgment dated August 4, 1954, that in dealing with commutation services the time had arrived to apply a general rule that a railway is entitled to charge commutation rates at a level that will return at least the railway's reasonable and actual out of pocket cost of furnishing the service concerned and that the railway should not be required by the board to provide or continue to provide commutation services which will not meet that cost. The board thereupon authorized adjustment of commutation rates in the Toronto area as applied

for but subject to the condition that the increases be made effective in three stages, namely approximately 50 per cent of the increase not earlier than September 30, 1954, another 25 per cent not earlier than six months from the date of the first increase and the final portion not earlier than another six months thereafter. Subsequent to that judgment hearings were held in Montreal. The railways submitted that the application if granted would do nothing more than give the railways a fighting chance to recover mere out of pocket costs; also that when rates are shown to be below the compensatory level the board has an obligation to see that they do not remain below that level but that the railway may, in their sole discretion, fix commutation rates at any higher level they wish if such rates are less than the coach class passenger rates and if there is no unjust discrimination. Opposing municipalities did not object to rescission of the 1950 order but maintained that the proposed increase of 100 per cent was excessive and that all the railways need is an increase of 35 per cent.

Mr. Chairman, I should perhaps read the next paragraph because this will have little meaning unless I do.

Mr. Hosking: Your time is nearly up, so you had better get going.

Mr. Small: It reads:

The board held that when the railways on their own initiative and for many years have caused commuter rates to be established in given areas and sought to have them increased the board can quite legally and properly consider with respect to both commuters and the railways the reasonableness of the proposed increased fares and the manner in which they are to be applied; and that, on the facts before the board in the present case, it has jurisdiction to prescribe the rates and to fix, determine and enforce just and reasonable commutation rates; that while further evidence and investigation are necessary before final judgment can be rendered, sufficient proof was made to justify the railways putting into force an increase of 50 per cent as it appeared that even if the commuters are given the benefit of every reasonable doubt the revenues with such rates in effect will not exceed the out of pocket costs properly chargeable to commuter service.

Order No. 75234 was rescinded and the applicant railways were authorized to adjust their commutation fares in accordance with the judgment in all areas other than the Toronto area, to which the board's judgment and order of August 4, 1954, remained applicable. At the end of 1955 the board was continuing its investigation upon the application.

I believe my time is getting short.

The Deputy Chairman: I am afraid I must advise the hon. member that he has gone beyond his 30 minutes.

Mr. Carter: Mr. Chairman, there are two or three matters I should like to bring to the attention of the Minister of Transport. Perhaps it would eliminate repetition and save time if I referred to them on this item instead of taking them up separately.

First I should like to thank the minister for the attention my riding has received from his department. We appreciate what his department has done during the past four or five years in the way of improving aids to navigation. A great many fog stations have been rebuilt and the equipment modernized, but there is still a great deal more to be done. We need a great many lighthouses, light and whistle buoys and bell buoys, and we trust that the provision of the new supply ship which we hope will be in operation before another year will make it possible to provide these additional aids.

I should like also to express appreciation for the sympathetic consideration I have always received from the senior officials of the department both here and in Newfoundland, and for the efficient manner in which they have dealt with the various problems I have presented to them. Since mine is a coastal riding, hon. members will understand that the Department of Transport plays a vital part in the life of my constituents.

Strange as it may seem, I should like to say a word of thanks to the Canadian National Railways. I am particularly appreciative of their efforts to assist the producers of my province in the marketing of their fish. A recent visit was made by their senior expert on fish tariffs and rates which resulted in the working out of a beneficial freight rate for the fresh fish producers of my riding.

I should like also to thank Canadian National Telegraphs for the various small telephone stations they have established during the past year. One of these stations which was recently established made possible the saving of a human life, which alone justified any expenditure the department might have made, even though it might be a long time before the expenditure will be offset by the revenue received.

I should like to draw to the attention of the minister a Canadian Press report which appeared in the Newfoundland papers of June 6. According to this press report the deficit on the ferry *William Carson* for the year 1955 amounted to $4,500,000. I do not know how that figure was arrived at, but I assume it resulted from taking item 460 in the amount of $3,496,250 and adding a similar item in the supplementary estimates in the amount of $1,123,830. The publication of this report caused considerable consternation in Newfoundland, when it was thought that the deficit on the ferry operation would amount to such a tremendous figure. I believe there must be some misunderstanding there, and perhaps these figures indicate the deficit on the whole railway operation rather than on the ferry service alone. I would be grateful for any light the minister can

throw on this matter, either when he replies on this item or later when we are dealing with item 460.

These figures on the deficit point up a startling fact. The railway operation in Newfoundland is vital to the economy of the province. We are dependent entirely upon the Newfoundland railway and the coastal services to meet our transportation needs. I would be the last to deprecate what the Canadian National Railways have done to improve the services. They have spent many millions of dollars in improving the roadbed and providing modern and up to date equipment, but in spite of that the service today is relatively worse in comparison to the needs than it was 20 years ago.

The startling fact which I feel should be pointed out to hon. members is that this situation must continue and will worsen as time goes on. In the first place the Newfoundland railway was never built to meet the needs that exist today. In the second place the Newfoundland economy is expanding at such a rapid rate that it never will be possible for the railway to catch up, no matter how many millions of dollars are spent in the future. Even if the present system were converted to standard gauge I do not think it would be adequate. In my opinion what is needed is a completely new transportation system.

I read in the press a few days ago that a survey party was on its way to Newfoundland. The press report did not indicate the scope of the survey to be undertaken, but I submit that a most comprehensive survey is needed. Before we begin to analyze the transportation problem in Newfoundland we must have a very clear picture of what the transportation system should do. It is not just a matter of carrying passengers and goods from one point to another; it is much more than that.

Newfoundland can be divided into three economic subdivisions, each of which is independent of the others. The first function of any transportation system should be to integrate those three economic subdivisions into a single economic unit. Having done that, the second and more important function is to integrate the whole province into the economy of the mainland. Until those two objectives have been achieved Newfoundland will never enjoy the benefits of confederation. We have had seven years' experience, and we know just what we are talking about. We know also that, just as the railway integrated British Columbia into the economy of Canada as a nation, so must the transportation system of the Canadian National Railways do the same for Newfoundland.

[Mr. Carter.]

I point that out to the minister because there is not another minute to lose. We cannot construct the railway overnight. At best it will take years, possibly five or ten years, to develop a transportation system that will meet the needs. We must remember that our present railway was built when our population was 250,000 people. Today we have a population of 425,000 people, and in 20 or 25 years' time we expect to have a population of over 800,000 people. For these reasons it is important that we begin thinking and planning and working out a solution to this problem now.

The other point to which I wish to draw the attention of the minister is the inadequacy of the coastal services. My riding is a coastal district. The railway touches it only at each end, and in between points from east to west are served by Canadian National Railways coastal boats. This service is very slow. It has been modernized as far as the ships are concerned, with one important exception on which I shall enlarge a little later, but the sailings are much too infrequent for the business needs of the riding.

We all know that communications are the key to economic development. Certainly my riding is one of the "have not" ridings of the whole province of Newfoundland. Economic development cannot take place unless communications are much more improved. There is one particular part of the coastal service about which I want to speak especially, and that is the Placentia bay area. I have been talking about this for the past four years. I have brought it up in the railway committee, and the president of the Canadian National Railways has always assured me that this problem would be taken care of just as soon as the *William Carson* ferry was completed and put into operation. We waited patiently for a year for the ferry to be built, and now the ferry has been built for a whole year and she is still not in her regular service, and it looks as though it might be another year before that problem is taken care of.

I want to point out to the minister, as I have done to the Canadian National Railways, that even when the ferry goes on her regular schedule across the gulf, the diverting of the S.S. *Bar Haven* to the Placentia bay service will not solve that problem, because whilst the *Bar Haven* is a satisfactory ship for one part of the bay, she is certainly not adequate for the other parts. At present this area is served by a cargo vessel. There is nothing wrong with the vessel as a ship, and there is nothing wrong with the captain or the crew; they are the equal of any in the world. I travel with them every year and I enjoy my

trip with them; but I see for myself the conditions under which passengers have to travel and I can tell hon. members that at times, particularly in the fall and winter when the weather is stormy and the days are short, the conditions are indescribable. There is no word that I know that can adequately describe them. If any newspaper like *Week End* or the Toronto *Star* wanted a good photo story, I submit they could get one if they sent their photographers down to take a trip on this vessel.

The only way to solve this problem is to construct a vessel especially for this service. That is what the Reid Newfoundland Company did 50 or 60 years ago. The places are the same today as they were then; the geography is the same; the harbours have not changed. They found it necessary to build a ship especially for that service. I have urged that now for the past six years, but my pleas have fallen on deaf ears.

I must say it is almost inhuman to expect these people to go on putting up with this service much longer. There is no other service; they have to take that or leave it. They are not treated as second-class passengers, nor even as fourth-class passengers. I doubt that there are many places in the world where the passengers travel under the same conditions. As I said before, this is no reflection on the captain or the crew; they go out of their way to make the passengers as comfortable as they can. But the ship has only eight berths. Very often it has to carry 40 passengers and the rest have to sit up all night in rough weather, tossing about in what I call indescribable conditions. I urge the minister to use his influence with the Canadian National Railways to tackle this problem without another minute's delay.

In conclusion I should like to remind the minister once again of the plight of the telegraphers in Newfoundland. I referred to them in the debate on the speech from the throne. I have had correspondence about them since, and I understand that some negotiations have been going on with a view to alleviating their conditions.

The situation arises from a change in policy on the part of the Canadian National Railways, replacing the present Morse instruments with a telephone service. The people in the community deplore the telephone service because they say it is not private; the telephones apparently go out of order very quickly and are out of order for a very long time before someone can arrive to get them working again.

The worst part of it, of course, is that the change-over to telephones from Morse instruments is going to result in a reduction in salary for the operators. Most of them are, as I pointed out earlier this session, now existing on meagre salaries of around $100 or $113 per month, and it is almost impossible for them to live and bring up their families on that amount, but they are trying to do so. There is no alternative work there for them. They are employed the full day in a separate office away from their place of residence. They have regular business hours that they must maintain irrespective of the amount of traffic they handle, and there is no opportunity for them to supplement their earnings. It is not a part-time job at all; it is a full-time job.

This reduction from $100 or $115 down to perhaps $75 or $80 is going to make it impossible for these people to live at all. I hope when the minister speaks he may be able to bring us up to date as to what has happened in the meantime, but if developments have not reached that stage yet, I urge upon him to keep this problem in mind and to do his best to have a solution worked out at the earliest possible date.

Mr. Argue: Some of us are rather concerned at recent developments in freight rates in this country. We have seen, since the end of the war, a great many increases in freight rates. There was a long series of increases from 1948 to March, 1953. We had thought in 1953 that perhaps this series of increases might be ended for a substantial time to come. Those increases were as follows:

April 8, 1948	21 per cent
June 16, 1950	20 per cent
February 11, 1952	17 per cent
January 1, 1953	9 per cent
March 16, 1953	7 per cent

That series of increases in freight rates totals 98 per cent. Time and time again it was pointed out before the board of transport commissioners by counsel representing the three western provinces and the maritime provinces, that any increase in freight rates adds immensely to the cost of long hauls, particularly in certain commodities, and that the total effect of any increase in freight rates is to make the burden of freight rates still more unequal in this nation. Any increase in freight rates increases the burden on the freight users of the prairies and the freight users in the maritimes provinces.

When the railways ask for an increase in freight rates and are given one, they have found that they are not able to take the increase they are given and apply it equally to all the traffic they have. They have found that a large part of their traffic is subject to competition, such as water competition and perhaps truck competition. Hence they have been obliged to take the increase that has been granted and apply

it to less than all of their traffic. There has been a deterioration in the amount of traffic to which a given freight rate could be applied.

This whole phenomenon has come to be known as attrition, an abrasion of the increase that has been given. It is estimated that for every dollar of increase that is given, perhaps only 60 cents or 70 cents is in fact effective. Each further increase in freight rates therefore adds an additional burden to those manufacturers who must compete by using long freight hauls, and particularly to that of the consumers who have to pay the freight rate, because it is often passed on to them.

I do not think there is any economic justification or any justification from the standpoint of national policy for further increases in freight rates at this time. If anyone will look at the profits of the railway companies over the past few years I believe they will see that while gross revenues at certain times have gone down, the net profits of the railway companies have gone up. The railway companies have been able to make certain savings through dieselization, through increasing freight train speeds and by increasing the size of freight trains. I am convinced that the savings which the railway companies have been able to make render unnecessary any increase in freight rates at this time. If you add in the last increase in freight rates, namely the so-called 7 per cent interim increase, you find that since 1948 freight rates in this country have been increased by the phenomenal figure of 112 per cent, and there does not appear to be any end to it.

From press reports and other statements I have noticed that there has already been an indication that if further wage increases are given those in the non-operating unions, there will subsequently follow increases in freight rates. As a matter of fact, when this 7 per cent interim increase was being considered that thought went through the whole proceeding. The recent application was for a 15 per cent increase. Was consideration given?

Mr. Marler: Mr. Chairman, I think the hon. member should realize that this is a matter which is now before the board of transport commissioners. While the hon. member may not be put under any disability as to the consequences of what he says, I think the position is extremely unequal. I am clearly not in a position to debate and discuss a matter which is before the board of transport commissioners and as to which there may be an appeal to the governor in council. I am therefore in the position of being unable to reply to this argument with regard to the proceedings now before the board.

I did not complain, Mr. Chairman, when the hon. member spoke about increases in the past, but when he deals with matters which are currently before the board I am placed in an invidious and unfair position.

Mr. Fulton: An untenable position.

Mr. Argue: On that point, Mr. Chairman, may I say this. The minister may find himself in a rather difficult position, but the point is not whether the minister or I or any other member of this house may be in a rather difficult position but rather that here is a case where a grave injustice may be done to the freight users and the people of this nation.

Mr. Marler: Mr. Chairman, this whole question is sub judice at the moment, and it seems to me that it is quite improper to pursue the discussion and deal with such current matters.

The Deputy Chairman: I might point out that it has been decided—see citation 251—that the board of railway commissioners, now the board of transport commissioners, is a court of record. I know that remarks somewhat similar to those which the hon. member is now making were made earlier in the session. At that time the gist of the remarks was not to affect the decision which the board of transport commissioners was making but rather, I think, to make an appeal to the cabinet to exercise certain powers which it had as to deferring or upsetting the decision which the board of transport commissioners had made at that time by way of interim judgment.

The minister is correct in saying that if this matter is still before the board of transport commissioners for decision the argument which the hon. member for Assiniboia wishes to make should be made before that board in an exactly similar manner as if it were a case before the courts. The case would be argued in this house only after the courts had rendered a decision, if it was within the power of this house to take some action to amend the decision.

I think the hon. member for Assiniboia will agree with me as far as I have gone. If he is able to restrict his remarks to any action which he feels the cabinet should or should not have taken on the judgment which has been rendered, I do not think I could interfere with him. But if the purpose of his remarks is to influence a decision which the board of transport commissioners is arriving at, then of course they would be definitely out of order here at this time.

Mr. Argue: On the question of whether or not the question is sub judice, may I say this. I think it should be pointed out that it is perfectly in order for any member of this house, I take it, as a citizen of this nation or for any other citizen to discuss the question of freight rates any place in Canada, including such places as in the newspapers and on public platforms. I do not feel that we in this house should be relegated to a position inferior to that which may be taken by any other citizen of this nation who is not a member of this house. We can go across this nation, as some of us will, and discuss this very matter.

The second thing I wish to point out is that the case is not now before the board. If I may explain—

Mr. Marler: The hearing has been set for September.

Mr. Argue: If I may explain what happened, I should like to do so. They had a nice little cosy meeting of the board of transport commissioners, and they decided that they were not going to have any long, detailed discussion at the present time. Although there was before the board an application for a 15 per cent increase they did not say, "We will wait until this case can be reviewed in its entirety and then a decision can be made". No, they did not say that. They said, "We will give the railway 7 per cent without a hearing, without any consideration". Then there was an adjournment. As the minister points out, the adjournment is now in effect. This particular question is not today being discussed before the board of transport commissioners.

Mr. Marler: May I suggest that a hearing has been fixed for the month of September. Consequently the issues which my hon. friend seems to want to discuss are before the board at this time. My understanding of parliamentary practice is that it is not the custom to debate issues in the House of Commons, or in fact in any legislative body, which are before the courts. It seems to me that is a sound principle. I have been in the same position as my hon. friend, where I have wished to discuss issues that were before the courts and where the rule has prevented me from doing so. I can say to him that the rule does not stop him from talking about it outside the House of Commons, but certainly the rule and tradition have always been that one does not discuss in the House of Commons or any parliamentary assembly issues that are before the courts.

Mr. Low: May I just say a word on this point of order; I presume it is a point of order that has been raised. I believe the minister's contention would be very well taken if in fact the hearings were going on now or if a 7 per cent interim increase in freight rates had not been granted. Now I contend the 7 per cent is history. It is not contingent in any way upon what happens at the September hearings. Consequently, Mr. Chairman, I contend we are quite within our rights in discussing all the issues involved at least within the 7 per cent increase that has been granted. If in the discussion of that 7 per cent we do touch upon the principles involved in connection with it, certainly it would seem to me we would be in order.

The Deputy Chairman: I think there is really very little need for the committee or the hon. member for Assiniboia to be in any difficulty. Citation 252, which I am going to read because it is not very long, says:

> Matters which have been adjudicated upon by the railway commissioners and taken in appeal to the governor in council cannot be considered sub judice while the appeal is pending, because the governor in council then acts in an administrative and not a judicial capacity, and therefore such matters may be debated in the House of Commons.

The point is that the board of transport commissioners does act in a judicial capacity. The House of Commons acts in a legislative or executive capacity. The member for Assiniboia will agree with me that is not the position of the application for the 15 per cent increase before the board of transport commissioners, the hearing of which has been postponed. The fact that the hearing has been postponed does not mean that it is not before the board of transport commissioners. Therefore I think he did make a specific reference to that application, and such specific references to the application should not be carried on at the present time.

However, a general discussion of freight rates is in order. Any criticism of the action which he may choose to take to offset that increase which has been granted is also in order. With reference to the hon. member's suggestion that this puts a member of parliament in a lower position than a newspaper reporter, there are circumstances under which newspapers can be impeached for contempt of court by attempting to try a case which is before the courts. Of course that is going very far. Hon. members in this house are protected from every sort of action by their parliamentary immunity; therefore I think they have a greater responsibility than others for remaining within the bounds of not discussing matters which are sub judice, and within that general thought I am sure the hon. member for Assiniboia can continue.

Mr. Argue: I think perhaps I can make my remarks within the bounds you have set by the statement that you have just made,

Mr. Chairman. But I would point out, with regard to your reference to the press, and what might be done if this question is discussed in the press that this important economic question will be discussed outside of parliament, and I do not think any action of any kind will be taken.

I think I can keep my remarks within your statement that one can discuss things that have happened in the past, increases that have been made in the past, even though such increases may be only interim. With that in mind, I want to make it quite clear that I believe the 7 per cent interim increase, the thing that has now been done, was wrong. The board of transport commissioners, I feel, made a tragic blunder in providing the 7 per cent increase at the time it was granted without sufficient evidence before the board for anyone to decide whether or not that 7 per cent increase was justified.

It is not a matter that affects only the people of the prairie provinces. The hon. member for Cape Breton South has pointed out on more than one occasion that the people in the maritime provinces are adversely affected by increases in freight rates. The people of British Columbia are adversely affected by any increase in freight rates. I am sure that the hon. member for Kootenay West is much better acquainted than I am with the position of the fruit producers in his province.

It has been stated by the British Columbia small tree fruits association, representing the British Columbia fruit industry, that it is virtually impossible for that industry to absorb further increases in freight rates. This was pointed out before the 7 per cent was granted; that the price of apples has been reduced progressively from $1.32 per box in 1952 down to just 77 cents per box in 1955. They point out that with an increase in freight rates of 7 per cent the industry is going to be placed in economic jeopardy. I believe the government is going to have to take a look at its whole transportation policy to see if some alternative can be found to further horizontal increases in freight rates. Some other measures will have to be adopted.

I notice that those of us who feel that other measures must be adopted are not alone. An organization as powerful and as prominent as the Canadian Manufacturers Association has made a statement that some other system of alleviating the distress of the railways must be found. They have said this:

> Thus the law of diminishing returns inexorably asserts itself, and it is becoming increasingly apparent that recourse to means other than a general freight rate increase will ultimately have to be found to maintain the railways in a healthy condition.

I think the government should consider now a type of transportation policy that will include, wherever it may be necessary in order to hold down freight rates, wherever it may be necessary to provide equality of freight rates, a system of subsidies and controls so that this may be brought about. We have already had certain steps taken in that direction. A few years ago we had provided by law a $7 million subsidy paid for the maintenance of the trackage in northern Ontario. The purpose of that $7 million subsidy was to help assist the railways in moving freight over that area, which is considered a relatively barren area. It was the belief of parliament when the $7 million subsidy was granted that it would go a considerable distance toward enabling equalization of freight rates to take place.

I believe it is time now that the government considered the whole question of subsidies for the railways, the whole question of controls, and made certain that out of this government policy two things come about: first, no further increases in freight rates and, second, an equalization of those freight rates now in existence.

May I refer to one other thing that is past history in this country, but which I am fearful may be brought up to date before too long. That is the whole question of whether the railways have the right to charge demurrage on box cars of grain waiting to unload at terminal elevators. This question was decided—

Mr. Marler: This is again a question which is before the board. Surely my hon. friend is not going to pursue another matter which is under consideration by the board?

Mr. Argue: Not at all; I am not going to pursue a question that is before the board. I am merely going to make reference to a very wise decision that was made by the board of railway commissioners for Canada on August 15, 1937. Back in the 1930's there was an application before the board for demurrage charges for the unloading of grain at terminal elevators. Great controversy took place at that time as to whether demurrage charges should be allowed to the railway companies. It was decided at that time that while the railway companies might be allowed to charge demurrage on other freight traffic, the question of charging demurrage on grain was an entirely different proposition. In the judgment of that day—and it is an old judgment, dated August 15, 1937—at page 197, I find the following. I think it is something that members in this house might consider. It reads:

> I cannot refrain from repeating that I think we should consider the question of western grain

transportation as distinct from the transport of other commodities. While the principle underlying the application of a demurrage charge is sound in respect to rail transportation in general, and should be applied where cars are unreasonably or improperly detained by shippers or by consignees, in my opinion an exception should be made in regard to western grain at terminal points. Parliament seems to have recognized a distinction as between western grain and other transportable commodities not only in the Canada Grain Act, but also in regard to railway rates for the transportation of grain. While ordinary freight rates are subject to the jurisdiction of the board under the provisions of the various sections of the Railway Act, parliament itself enacted maximum rates for the transportation by rail of western grain to the head of the lakes. Subsequently, the board made the same scale of rates effective for shipment of western grain via Pacific ports. I am not aware of similar action by parliament in respect of any other commodity. I think, therefore, that one may well hold that shipments of grain to terminal elevators may be treated as an exception to the general demurrage tariff. For many years, the railways have so treated it, and I can find no sound reason at the present time for altering the method adopted by the railways in the past.

I believe that was a sound and wise decision, Mr. Chairman; I believe it is something that should not be left as a decision of the board of transport commissioners, but rather that the government should adopt it as a matter of policy and bring in a measure to place in the Railway Act of this country a provision which will prevent railway companies from charging demurrage in the unloading of grain.

Mr. Hosking: Mr. Chairman, I wish to enter this debate on behalf of the numerous people who are unable to procure telephone service at this time. The reason I speak on the estimates of the Minister of Transport is that the board of transport commissioners has some little say with regard to the rate charged by the telephone companies across Canada.

A great shortage of telephones existed during the war period, and that is understandable. When the resources of this country were required to fight and win a war it was not realistic to think that telephone service should be given to everyone at that time. The existence of shortages was true with respect to almost every commodity at the end of the war. There were no automobiles; there were no refrigerators; there were no electric stoves; there was none of the things that so many households required at the end of the war. But the telephone system, because of, you might say, a monopoly permitted by this government, is the only industry which, some 11 or 12 years after the war has not caught up with the scarcity which existed then. I would think there are more people wanting telephones today than there were at the end of the war. The telephone companies have not approached their problem in a manner that will permit them ever to catch up with the shortage that exists.

The telephone companies give various excuses. I need only to look at my own city to see how they have mismanaged the problem of supplying people with telephones. I do not disagree with government policy. I agree that we cannot have two or three different telephone companies servicing one area, but I do know this. If two companies were permitted to service an area where new houses are being built, there would be salesmen at the doors of those houses before the people moved in, offering them telephones. The companies would not take the position that the house is there and at some time the people are going to have to come to that particular company and beg for a telephone. They would not take the position that the customer has to wait until they decide that now is the time, we shall give him a telephone. They would be out after business, and they would be looking to this tremendous market as a means of earning money.

The thing that I do not understand is why the shareholders of the telephone companies have not explained very clearly to their management that they have done a poor job, that they have done the poorest job of all the companies in the Dominion of Canada that are supplying the needs of the people. There is not an automobile manufacturer that will not give you a car today. There is not a company building refrigerators that cannot give you a refrigerator, or a company manufacturing electric stoves and washing machines that cannot give you a washer or electric stove. You can go out and buy a suit of clothes; you can buy a pair of shoes. You could buy none of these things as you wished at the end of the war; neither could you get a telephone then. You can get these other things today, but you cannot get a telephone.

The telephone companies have looked on the progress of Canada with the most bleak, barren and unimaginative program that was ever presented to the Canadian people. I think it is time the shareholders took a look at their companies and said to the management, "Now is the time to take a new look at the situation, and when you see in a city a couple of hundred houses being built, you get prepared to supply those houses with telephones before they are built, not a year or two years afterwards." They say, "Well, we have not the supplies; we just cannot do it physically."

Let me tell those telephone companies this. They are in the position of a city, only on a much smaller scale. What has to be supplied in a city in which new houses are being built? They have to supply schools, hospitals, sewage

capacity and waterworks. I would suggest to those telephone companies that for every dollar they spend on buildings and switchboards the taxpayers of the community have to spend $1,000 to supply schools, hospitals, sewage plants and pumping stations. For every dollar the telephone companies pay for stringing a line to a new section of the city, the city has to pay $1,000 to put down sidewalks, streets, sewers, gutters, storm sewers and all the things that make up the services of a city. When you go to the house owner you will find that to buy his home he spends $1,000 for every dollar the telephone company has to spend to put a telephone in that home. When this huge project is being planned and developed in Canada we have the telephone companies blithely saying that people will have to wait until they are ready to give them telephones. The companies know that people cannot obtain telephones from anyone else.

I think it is time the board of transport commissioners took a look at the telephone companies and said to them, "You have the sole right to service these homes and when you service them you make a profit on it; and we are going to see that as long as there is an application for a telephone in any area that you cannot fill within a week, which is a reasonable period of time, you will have no right to raise your rates in that area."

If this were done I am quite convinced the management of the telephone companies would take a new look at the situation and would come to grips with this matter and do something about it. Of all the companies which provide services in this country I think the telephone companies have done the poorest job.

There is one other thing which provokes me a little, and I would hope the government would take a look at the telephone bills they receive for the long distance calls they place. I go to my telephone in my office in this building and make a long distance call to Guelph or Toronto. Thirty seconds later I pick up the receiver of my telephone and try to dial a local number. What do I get? I get long distance. If the call happens to extend more than three minutes I am charged an extra minute for those 30 seconds. Do the people of this country realize that most of us who place three-minute long distance telephone calls are being charged 30 per cent extra on such calls? This is the only business I know of that operates that way, and one can do nothing about it. Telephone companies to me are not well run businesses. I think it is time the telephone companies realized that their service is not quite as good as they like to think it is.

[Mr. Hosking.]

I would like to ask the minister if he would recommend to the board of transport commissioners that they take a look at the handling of communications in this country. I know the same situation obtains in most of the provinces, but the Bell Telephone Company is particularly at fault. It is no doubt the largest telephone company, and it has set an extremely bad example. I would hope that the minister with his capacity for getting things done could suggest to the board of transport commissioners that the board has the means of telling the telephone companies to take a look at their service to see if they could improve it.

If this is done I am sure we will not have thousands of people being told they will get a telephone when one is available, which may be a year from the date on which they make application. That situation was understandable at the end of the war and it might have been tolerated five years after the end of the war, but to have this situation existing 11 or 12 years after the cessation of hostilities is completely unrealistic, and it is nonsense to suggest to people that they should wait for a year to have a telephone installed.

Mr. Bell: Mr. Chairman, it is with a great deal of regret that I break my self-imposed silence of nearly two weeks' duration to make a few remarks on the estimates of the Department of Transport, particularly as they affect the maritime ports and Saint John, which is my main consideration.

At first glance the estimates appear to indicate that the past year has been a good one. I think for the first time traffic and tonnage are up, construction has been moving along at Saint John and Halifax and the local spirit is picking up. However, the situation is not quite so good as far as long-term planning for the future of these ports is concerned. This is a worry to all of us in the east.

I shall begin by referring to the St. Lawrence seaway. The minister was in Saint John in February of this year and viewed the harbour there. We were very glad indeed to see him in the old loyalist city. While there the minister made a remark to the effect that he thought the St. Lawrence seaway would benefit the maritimes to some extent. I do not know what the result will be, and I do not think anyone is qualified to say. We were disappointed that the matter of the seaway had not been considered in relation to the ports there to the degree that the other economic effects of the seaway were considered.

Two or three things come to my mind with respect to the seaway and its impact on our

future development. I think first of the icebreaking activity that is carried on each year to an increasing extent in the St. Lawrence. There is an article of recent date which suggests that there is considerable merit in the year-round navigability of the St. Lawrence, but the suggestion is made that it would be necessary to spend large sums of money on improvements designed to conserve the warmth of lake Ontario. The second suggestion which concerns me is that a large number of small icebreakers could be maintained to keep the shipping channel open.

I notice in the estimates of the department this year that three new icebreakers are mentioned. I also notice that according to a recent report the Russians have now completed an atomic energy powered icebreaker which it is anticipated will overcome the icebreaking difficulties they have experienced. This is an atomic powered icebreaker especially designed to meet their problems, and probably before long we will have plans for a similar project in this country.

I would like to refer to another matter somewhat along the same line of the icebreaking activity that occurs in the St. Lawrence. I have spoken about this matter before, as have other hon. members who are perhaps more qualified to deal with it. We all remember that on April 23 of this year an accident occurred involving the grounding of a ship in the St. Lawrence. The minister was questioned about it in the house. A veteran Quebec city navigator, Mr. Roger Arcand, is reported to have said that the authorities were pushing traffic ahead too early, and this caused the situation that developed. The exact words of Mr. Arcand as reported in the Montreal *Gazette* of April 23, 1956, were:

> Authorities are running great hazards in pushing shipping through too early.

We all know about the early season the St. Lawrence had. I have only one thing to say in this connection. In view of the good work that is being done in relation to short-term planning, and in view of the publicity the department is giving to the ports and the booklets it is publishing, the long-term view for the future is not being properly attended to. We must have a statement as to the future plans of the department with regard to safeguards, and icebreaking in particular. We want to know what is to be the future of our maritime ports if it is found possible to keep open the St. Lawrence throughout the year.

There is also a lack of long-term planning with respect to shipping through our maritime ports. The city of Saint John was the site of a recent meeting of the Canadian port committee, at which time Mr. W. C. Perron of Ottawa made the statement that Canadian ports—I suggest that this is particularly true of the maritime ports—are in a serious position, and encouragement must be given either locally or by the federal government to developing plans for the fostering of our ports. I shall not read the quotation because I do not want to take up the time, but I mention it to indicate the serious problems which must be considered by the department in developing its future policy.

As I have said, we are pleased with the day to day plans in connection with construction and publicity for our ports, but the future of this investment by Canada is a matter of concern. We are wary and suspicious of the seaway. We wonder just how this icebreaking activity is going to be developed throughout the entire year. We notice a stepping-up of departmental plans in this regard. With modern inventions it may be possible to solve the problem of keeping the St. Lawrence open all year. We want to know where we fit into that picture. Even at this late hour I should like the minister to indicate what the experts of the department have to say in this regard.

Another matter that concerns our future is the lack of a definite policy with respect to our merchant fleet. We read recently that 24 nations are meeting in London to consider the Suez situation, and Canada is not to be one of them. It is all very well to sit back and say that here is some responsibility we will not have to accept or worry about, but we must not forget that those 24 nations have much more prestige in foreign affairs than we have simply because we do not have merchant ships which would be using the canal.

We all know what has been said in the past about our merchant fleet. I mention this again in the hope that the minister will take a look at the serious situation of our merchant fleet, and that attention will be given by the department on a long-term basis to dealing more seriously and generously with our maritime ports.

Mr. Batten: Mr. Chairman, I should like to make a few remarks with reference to the operations of Canadian National Railways in Newfoundland. In my province transportation has always been a most difficult problem. In the early years of the seventeenth century when settlers came to Newfoundland they were forced by the rigours of geography and economics, and by the no less rigorous dictates of early legislation, to settle along the coast in harbours and coves from which they could prosecute the fisheries. It was natural

that shipping would develop as a means of transportation, and we can see why over the years a comparatively large fleet of vessels owned by private persons or private firms grew up and carried on the trading process.

At the beginning of the century this fleet was augmented by steamboats operated by the local railway company and later on by the government. About the three-quarter mark of the last century Newfoundland caught the railroad fever, as it was caught here in Canada. On April 29, 1881, the railway act was passed which culminated in the first train being driven from St. John's to Port aux Basques on July 24, 1898. From that time up to the beginning of the second world war the railway was able to cope with the transportation problems as they existed in Newfoundland. During the second world war the railway officials made a heroic effort to cope with all the problems that existed during the wartime period.

If we were to look at the present position we would see where this fleet which operated around the coast of Newfoundland in days gone by has been depleted to the point where transportation along the coast is confined almost entirely to boats operated by Canadian National Railways. In this respect we are almost wholly dependent upon Canadian National Railways. It is true that in recent years there has been a considerable expansion in roadbuilding, and cars have multiplied six times with trucks multiplying more than three times. Yet our road system is not sufficient to take care of the increasing problems of transportation. When the trans-Canada highway is completed no doubt it will add greatly to our transportation facilities, but it should be pointed out that during the winter months and early months of spring this road will not be able to be used. The result is that for many years to come we will be dependent for transportation upon the Canadian National Railways.

The point I am trying to make is that for transportation along the coast of Newfoundland and also over the overland route we are dependent upon the Canadian National Railways. The mainland of Canada is enjoying today a great economic boom. If we tried to analyse the factors which helped to produce that boom I think we would have to include the transportation facilities that have been available. They have played a great part in the boom Canada is now enjoying. We can go back to the 1790's when the first canals were built in this country, and then go on from there to 1932 when with the exception of the St. Lawrence seaway the latest improvements were made. We can see the development of the C.N.R. and the C.P.R., the development of the motor truck and also the development of transportation by air.

But it appears to me that our transportation system here on the mainland has now reached the point where it is being challenged by the very economic boom that has been created. We can look all over this country and find our transportation facilities making an effort to accept that challenge. We have, for example, faster and better trains. We have trains hauling off produce from the shores of British Columbia to the mines of Ungava and Labrador. We have improved air services. We have outstanding road systems, including the trans-Canada highway. We have oil and gas pipe lines.

A few weeks ago we had the opportunity of going down to visit some of the construction sites along the St. Lawrence seaway, and here, of course, is a tremendous example of the effort that Canada is making to measure up to the demands being made on her transportation facilities. In Nova Scotia a causeway has been built, and I understand that studies are being made of causeways in other places. The point I am trying to make here is that on the mainland of Canada transportation facilities are making an effort to measure up to demands placed upon them by an expanding economy.

We in Newfoundland too have had some expansion. On two or three occasions during this session I have had reason to place upon the record the tremendous increase we are experiencing in freight, express, passenger and mail traffic. There is no need to proceed with this further, but there has been a tremendous demand in Newfoundland for improved and greater transportation facilities. Only a day or two ago, I was reading of a survey made by Sales Management, in which it was contended that the increase in retail sales over Canada in the past year had been 7·1 per cent, while the increase in retail sales in Newfoundland over the past year had been 7·6 per cent. When one considers that nearly all the commodities retailed in Newfoundland have to be brought into the province, one can see the added demand that is being made on our transportation facilities there.

Let it not be denied that the Canadian National Railways have made some attempt to cope with the problems that exist there, but I contend that the improvements in the Canadian National Railways service in Newfoundland have not at all been proportionate to the demands made upon them. Indeed, they have many problems. I am now going to place before the minister and I hope, through him, the Canadian National Railways, a few suggestions which I should like to have considered.

First of all, along the coast of Newfoundland the steamship facilities for passengers need to be improved. They are urgently in need of attention. The schedule of ports of call for the Canadian National Railways boats should be revised. In my own riding, places like Parson's Pond, Hawke Bay and Sandy Point, which are not now being served by the Canadian National Railways boats, should be included in the schedule of ports of call.

My second suggestion is that some study should be made of the freight rates in Newfoundland. We, of course, living on the fringe of the great Canadian economy and having no other transportation system, have to pay the increases in freight rates as they come along. In many parts of Canada, if there is an increase in freight rates perhaps much of the business will go to competing transportation systems. We, being so dependent on the Canadian National Railways, have no competing system and therefore have to accept the increases in freight rates.

There are inequities in freight rates that I think deserve some attention. Let me give one example. If a car is brought by the Canadian National Railways from Bar Haven to Yarmouth, the cost is $15 for a distance of approximately 100 miles, but if a car is brought from North Sydney to Port aux Basques, again a distance of 100 miles, the cost for transporting that car by C.N.R. boat is four times as much, $60. I admit that over the past few days there has been some relief in this matter. Tariff No. CM446, which amounted to $10 on every car, has been dropped. But I still feel that the rate charged from North Sydney to Port aux Basques is excessive as compared with the rate charged from Bar Haven to Yarmouth.

This is my third suggestion. In my own riding in the winter we have three trains a week from St. John's to Port aux Basques and on the other three days, not counting Sunday, we have a train from St. John's to Corner Brook. Over the years this train coming from St. John's to Corner Brook has given good service, but west of Corner Brook large towns have now grown up, such as Stephenville Crossing, St. George's, the great commercial centre of Stephenville and the great United States base of Harmon field. I think this train schedule during the winter months should include a daily service from St. John's to Port aux Basques. In my own city of Corner Brook, in a very highly industrialized area and one that is very rapidly expanding, the Canadian National Railways facilities for the handling of passengers, freight and express traffic are not commensurate with the demands being made on them, and I should like to suggest that a real study of the needs of this area be made.

My fifth suggestion is this. Since 1949 the Canadian National Railways have been able to send good men to Newfoundland as managers of the local system, and the present incumbent is no exception. However, our problems are peculiar to Newfoundland in the sense that I do not know whether it is a railway system supplemented by a steamship system or whether it is a steamship system supplemented by a railway system. At any rate, we have problems that are peculiar to Newfoundland. I believe the efficiency of the system in the province could be greatly increased if there were less control from Moncton and more authority vested in the local manager.

My last point is this. What of the future? Must Newfoundland continue with a narrow gauge railway? I am going to recommend to the minister now that he recommend to the Canadian National Railways that a study be entered into of the converting of the narrow gauge railway in Newfoundland to one of standard gauge.

I recognize in making such a recommendation that the operation is going to be very expensive, but I would suggest that the cost of converting the narrow gauge railway in Newfoundland to one of standard gauge is not going to be so great proportionately as was the recommendation in 1880 for an expenditure of £1 million to build a railway from St. John's to Halls Bay, a distance of 340 miles or little more than half the length of the present line, at a time when the whole population of the province was less than 200,000 and when the total annual revenue was less than $2 million.

When I was a boy at school I was introduced to perspective drawing, and I was told that the apparent converging of the two rails of a railway line was an optical illusion. I hope that the time will not be too far distant when, if we were to have the gift of distant vision, we would be able to look from Ottawa to the railway line in Newfoundland and say that, in fact, this narrowing of the railway is only apparent and, in truth, is an optical illusion.

Mr. Holowach: Mr. Chairman, my purpose in rising at this time to take part in this debate on the first item of the estimates of the Department of Transport is respectfully to draw the attention of the minister and his officials to several troublesome and acute problems connected with air and rail transportation which face the people in Alberta generally, and particularly those in the city of Edmonton. I am just as anxious as anyone else to expedite the business of this house. I shall therefore come to grips

with the problem quickly. In order that the minister may better appreciate the reasoning of the people back home and their concern with respect to this matter, I should like to give a few facts as a background.

As the minister knows, it is my privilege to represent in this house one of the three Edmonton constituencies. That city continues to enjoy unprecedented development, and it is looked upon as one of the fastest-growing communities in Canada. We consider our development to be of national significance. The significance of our development is seen not only in the mounting population of that city. It is reflected in the volume of commerce as seen by the vast increase in passenger traffic and in wholesale and retail sales; and in all this the minister's department is concerned, as he knows very well, because it involves things brought into that area and affects every commodity that is transported through and sent out of that part of the country.

Like everything in Alberta, it is a story with drama. It is connected with the resourcefulness of our people and the thrill of developing the northwest. By reason of its geographic location I think Edmonton lends itself very well to being perhaps the most important shipping point for that north country and to winning for Canada an important place in intercontinental traffic. I have here a clipping from the Edmonton *Journal* for February 27, 1956, in which the following is stated:

> Northern Mining and Edmonton
>
> All signs point to a big season for mining and prospecting in the northland this summer . . .
>
> From Edmonton's standpoint it is worth noting that a record-breaking season is expected in both the lake Athabasca and Great Slave lake mining fields. These are supplied from and through the city . . .
>
> All this activity in northern Saskatchewan and the Northwest Territories, and to a lesser extent that in north-central British Columbia and the Yukon, is important to this "gateway" and supply centre. One feature which especially deserves the attention of Edmontonians is transportation. This is the key to northern mining development.

I do not care what variety of political opinions exist in this house; I think hon. members must agree that Edmonton is the logical air shipping centre for the great north land. However I would say that airport facilities there are totally inadequate. This has been recognized in the surveys being made by aviation authorities and international airlines systems which are pioneering in transcontinental passenger service such as Scandinavian Airlines, Canadian Pacific Airlines, Trans World Airlines and Northwest Airlines. The people back home in Edmonton believe that the federal government is overlooking the tremendous advantages we have there, as is evidenced by the slow way in which they are proceeding with the building of the proposed international airport in that city.

I wish to make it quite clear, Mr. Chairman, that my remarks are not in any way to be construed as a criticism of the minister. I will be the first to say that the minister is handling one of the heaviest of the departments and is doing the job admirably. However, I am expressing the views of the people back home, namely that until they see some enthusiasm and drive in connection with the project they will continue to believe that the authorities lack imagination and are bogged down with various political considerations. I just cannot understand why, in a jet age such as that in which we live, the government should continually lay plans that will bring benefits only 10 years or 20 years from today. In time of war we can proceed to get things done rapidly, but in time of peace we keep dragging our feet.

I just do not understand the reason for that difference in approach. After all the objectives are the same, namely to act quickly in the best interests of our people. There is no question at all that there have been unwarranted delays in the building of the international airport in the city of Edmonton. In looking back, one can see that it is a case of attrition that has been going on for many years.

I should just like to give the facts briefly, in rough chronological order, and these facts speak for themselves. About 1949 the city of Edmonton began to press the federal government for airport reallocation to the city of Edmonton. Some time later the federal government responded by promising to build one in the future. Five years later, namely in December, 1954, in a general statement issued by the minister and his colleague the Minister of Mines and Technical Surveys, it was announced finally that Edmonton was to get a new major airport built to international standards, and that orders had been given for an examination of possible sites. Some seven months later, namely on June 16, 1955, in reply to my inquiry—as appears in *Votes and Proceedings* of Thursday, June 9, 1955—I was informed that no tenders had been called for and no survey contracts had been awarded. Approximately a year later the Minister of Mines and Technical Surveys made a statement in Edmonton, and this is reported in the Edmonton *Journal* of April 5, 1956. The article is headed "Airport Survey to Begin Soon" and it reads in part as follows:

> An aerial survey of the new federal airport near Nisku, 16 miles south of the city's centre on

the west side of the Calgary highway, will commence just as soon as the snow clears, Hon. George Prudham, Minister of Mines and Technical Surveys, said Thursday.

The minister said initial contour work is necessary in the area which comprises 16 square miles. Surveys will be made of administration and other building sites and the locations of runways which will be two miles in length. Soil tests and other engineering work also has to be done.

"Before contracts can be awarded, all this engineering and other work has to be done. It will take most of the summer," said the minister. "The intention is to call for tenders next winter so that work can start just as early as possible in 1957," he added.

Mr. Chairman, I am not disputing the honesty of the minister's statement as to the date of the actual construction. However, I am saying that the time schedule is far too slow and that it ignores the urgencies of the matter. We grant that the present airport in Edmonton will serve us for some time, and in any event will be an addition to the proposed airport. However, for reasons of public safety, having regard to economic prospects, and in order to enable Edmonton to keep up with the quick pace of international air development, we ask the minister to reconsider the time schedule, and we urge that immediate action with the highest possible level of construction this summer be undertaken so as to achieve the early completion of this proposed international airport in Edmonton. Public opinion back home is fairly strong on this matter. I think the minister would like to know just how strong it is. In the Edmonton *Journal* of February 5, 1956, the following appears:

Faster Action on Airport Needed

Judging by mines minister Prudham's statement this week, the federal government has yet to recognize the need for moving along rapidly with the new Edmonton airport.

He says detailed surveying of the site is to commence in the spring and plans are to be ready for a call for tenders a year later. Construction presumably would be started sometime in 1957. This is not good enough. The citizens of Edmonton do not share the government's desire to stretch out the undertaking for political reasons. They want their city to be just as soon as possible in a position to take advantage of great new prospects in air transport.

It is astonishing and disturbing to look back and see how long the business of obtaining this necessity has taken to date.

It goes on to point out this:

Public patience has distinct limits, however, and no one should be more concerned about this fact of political life than the member from Edmonton who is a Liberal cabinet minister. He is in a position to get some action for his constituents and they will expect him to do so. Mr. Prudham should make it his aim to have construction commence this year. The future of his home city in intercontinental air transport, a matter which should be of more than passing interest to him, is waiting on his efforts.

The second problem, Mr. Chairman to which I wish to call attention is one of long standing, and it is becoming more burdensome and complex day by day. I refer to the ever increasing discriminatory freight rates imposed on the prairie provinces generally and the people of Alberta in particular. I wish to point out to the house that in the matter of freight rates we are the hardest hit province in Canada. It is clearly an injustice that should not be tolerated by the federal government. I wonder whether hon. members know that we in Alberta are called upon to pay rates from eastern Canada in many cases twice as great as the rates on the same goods from eastern Canada to Vancouver, even though the city of Vancouver is some 600 miles farther west than Edmonton. Does the government know that many industries and concerns interested and willing to come to our province for various purposes are unable to do so by reason of the vicious freight structure? I should like to know whether all the people of Canada know that the recent decision of the board of transport commissioners hoisting freight rates by 7 per cent was ordered before the evidence was allowed to be heard from the railways or the opponents of this increase.

In doing this I believe the commission acted without precedent, and in fact ignored the submission made by the eight provinces. As reported in the *Star Phoenix* of June 12, 1956, by John LeBlanc, Canadian Press staff writer:

Alberta counsel J. J. Frawley, speaking for the lawyers for eight governments present at the session said they do not believe the railways have made a case "for any increase, interim or otherwise".

There have been other statements made by people in that connection. Mr. Ben S. Plumer, chairman of the Alberta wheat pool, stated in Calgary that the railways did not have to prove their need for greater revenues, even though the federation of agriculture filed a vigorous protest. In handling the railway submission in this manner the board has set a dangerous precedent. Further, James Patterson, president of the Manitoba farmer's union, charged that the board had granted a freight rate increase to the railways before giving the effective groups a full opportunity to express their views on the matter. The producers' share of the consumer dollar has reached an all-time low, and the economy of farm production is completely lost in the rapidly climbing marketing and transportation costs. I think, Mr. Chairman, this type of action is setting back the relationship and the progress that we have made over the years.

There is another very serious problem, in addition to the pyramiding freight rates,

which is hitting hard at our western producers and consumers. That is, the present administration is allowing the technique of agreed charges to overcome the one and one-third rule established by parliament in 1951. At that time it was clearly shown that the one and one-third rule was in the public interest. May I point out that people everywhere are asking just what happened to the recommendations of the Turgeon commission report which resulted in 1951 in the enactment of reform legislation.

I think we will all recall that at that time the legislation enacted forbade the railway companies from imposing any rates to Alberta in excess of one and one-third times the same rates for commodities from the east to the west coast. During the past year we have had a rash of agreed charges covering just about every type of commodity from frozen food to canned goods, varnishes and so forth. Let me just give an example of how serious these freight rate agreed charges are. Steel bars shipped from Hamilton to Vancouver cost $1.30 per hundredweight. The same steel bars shipped from Hamilton to Edmonton cost $3.23 per hundredweight. Sheet steel shipped from Hamilton to Vancouver costs $1.10 per hundredweight. The same sheet steel shipped from Hamilton to Vancouver costs $2.30 per hundredweight. Paints and varnishes shipped from Montreal to Vancouver cost $2.25 per hundredweight. The same shipment of ingredients to Edmonton costs $3.35 per hundredweight.

Here is another example, and I quote this by reason of the tremendous amount of construction in the Edmonton area at this time. Glass windows shipped from Montreal to Vancouver cost $2.56 per hundredweight. Glass windows shipped from Montreal to Edmonton cost $3.32 per hundredweight. It seems to me that simply because people reside outside of a community in which there is cheap water competition, that is no reason for this government penalizing them by unfair freight rates. It is my view that if there are inadequacies in revenue to the railway companies, if and when they are properly justified these problems can best be resolved at the government level where the whole country shares the load and not as it now is, with the prairie provinces paying the full shot.

We all know the maritime provinces enjoy the benefit of government subsidies in freight rates. I believe they have had them since away back in 1927. In the matter of these discriminatory freight rates which we have to face I think the situation is very similar to the one that existed in the United States prior to 1918, when such discrimination was imposed upon those states which lie directly south of the province of Alberta, such as New Mexico, Idaho, Nevada and so forth. In the early 1920's they enacted their interstate commerce act and got rid of that discrimination once and for all.

This points out clearly that in the matter of an equitable freight structure we Canadians are 40 years behind the times. We know that by reason of section 52 of the Railway Act the minister has the right to vary or rescind any of the decisions of the board of transport commissioners. I would suggest to him that he approach this serious problem with a view to a complete overhaul of the whole freight structure, because certainly the provinces in the west have been milked far too long and far too much.

Mr. Buchanan: Mr. Chairman, I could not let the discussion on this matter pass without asking the Minister of Transport to direct his attention to the problem of the maritime provinces. We in Nova Scotia are at the end of a long transport haul, and we are very remote from the central market. The Maritime Freight Rates Act was designed to even up this disparity, but with the succeeding increases in freight rates the advantage of the statute to Nova Scotia has been very greatly lessened.

I would respectfully ask the minister to give a searching reconsideration to the position of Nova Scotia in respect of these freight rates, with a view to restoring the traditional role of the maritime freight rates.

(Translation):

Mr. Gagnon: Mr. Chairman, since I have had the honour of sitting in this house I have, on several occasions, voiced the grievances and complaints of the people of the kingdom of Saguenay and of Chicoutimi county in particular, regarding the quality of the transportation services given us by that public-owned company called the Canadian National Railways.

I must say frankly and quite humbly that, although my remarks have been judged quite to the point by my electors, they have not brought about the results I expected. There is a French saying to the effect that days follow days but that they are not all alike. Well that old saying certainly does not apply to us, as far as railroad service is concerned. Since 1887 or 1888, when the railroad was completed which has Chicoutimi as its terminus, the situation has changed very little or not at all.

While the jet planes of the R.C.A.F. station at Bagotville whizz by at supersonic speed, and while Chicoutimi motorists can get to Quebec city in two hours, our good old rail-

road still takes nine hours to cover the distance between the ancient capital and the metropolis of the Saguenay.

While in all other fields of economic activity, we are at the forefront, we lag way behind as far as railway passenger and freight service is concerned.

In the matter of speed and comfort, we are still in the horse and buggy days. If we want food on the train, we either have to bring a lunch, as the first settlers used to do, or be content with sandwiches which are sold at fancy prices. Even then, we cannot have those sandwiches toasted because the toaster only works if the train is travelling at full speed, which it never does.

If the train leaves Montreal at 7 o'clock at night, it does not get into Chicoutimi until the following morning at 7.30, when it is on time. In other words, it takes 12½ hours to cover a distance of 300 miles, which averages less than 25 miles per hour. Very often, especially during the winter, it comes in late.

There is further evidence. I shall quote a few paragraphs of a letter sent to the board of transport commissioners as well as to the president of the C.N.R. by the local chamber of commerce of the Saguenay district.

Jonquiere, Que.,
January 18, 1956.

Board of Transport Commissioners,
Ottawa, Ont.

Copy to Mr. Gordon, President, National System, Montreal, and to Mr. Gauthier, Superintendent, National System, Quebec.

Gentlemen:

At the last meeting of the chambers of commerce of the Saguenay district, we were shown a report on the very bad service given to our population by the railway during the holiday season.

It has been shown that the passenger train which normally arrives at Chicoutimi at 7.30 a.m. has sometimes been as much as 10 hours late. For your information, we have all the hours of arrival between December 18 and December 29 last.

This year, the railway cannot blame these delays on cold weather or snow since we have had very fair weather . . .

For the local Chamber of Commerce
of the district of Saguenay
(Sgd.) Phillippe Tremblay,
Secretary.

At this point I call to witness my good friend, the very distinguished Minister of Northern Affairs and National Resources (Mr. Lesage) with whom I had the privilege to travel to Chicoutimi on the 1st of May last. We were on our way to a ceremony which was to start at 9 o'clock in the morning, and we pulled into Chicoutimi at 10.30.

I let it be distinctly understood that I am not attaching any blame to the railway personnel. Far from it, as I know from experience that they fulfil their duties perfectly. From the conductor to the baggage man, all are efficient, devoted and courteous.

The engineer and fireman work wonders to deliver us safe and sound at our destination. Unfortunately they cannot eliminate curves, nor rush along at a hundred miles an hour on this snaky, meandrous line.

I offer no criticism of the minister since I know that he is kindly disposed on our behalf. He proved it by authorizing the construction of the St. Felicien-Chibougamau line. But I do blame the C.N.R. management and the government, who never bothered to listen to our representations or requests, and who never have given our area the attention it deserves.

I have said, and I am repeating now, that we are unfairly treated by the federal government. The deficiencies from which we are suffering, notably in Chicoutimi—antiquated station, inadequate and incomplete harbour facilities, lack of proper accommodation for postal and other official services, level crossings—all these can be blamed on the lack of interest of the Ottawa government.

Yet, our section of the country is, in the whole of Canada, one of those which pay the most taxes. That should be taken into account.

Without delay, the Canadian National Railways should act on pigeon-holed improvement projects about which, every once in a while, the vice-president of the company gives us a talk in Chicoutimi.

I urge the minister to use his influence in our favour and to demand that we be given decent treatment. The future of our business community depends on it.

It is inconceivable that it should take twice as much time to go from Montreal to Chicoutimi by railway as it takes by automobile.

Secondly, may I voice my support of the request sent to the Minister of Transport (Mr. Marler) by the Association of Shipowners of the St. Lawrence and the Port Alfred chamber of commerce concerning the installation of a radio-telephone station on the Saguenay river.

An improvement of this type would be a great help for navigation on this river, and would also be very valuable to all those using it.

I hope that this request will be considered justified and that action will be taken accordingly.

I would also like to draw the minister's attention to the necessity of building a civilian airport in our district.

The lack of such an airport is a serious gap, considering the development of civil aviation and the fact that the R.C.A.F. base station at Bagotville does not allow private aircraft to land there.

The hon. minister wrote me recently to tell me that he does not think the time has come to authorize such a project.

If I may renew that request, I would ask him to reconsider his decision in the light of the new arguments which have been submitted to him by different public bodies of the region.

I would like now to call the attention of this house to a fact which has made me particularly happy, and it is that the title page of the recently distributed Canadian National timetable is printed in both our official languages. It is the first time, to my knowledge, that such a move is made, and I am happy to congratulate those who sponsored it.

We would be happier still if the facade of the new hotel being put up in Montreal would also indicate the French character of our country. In the meantime, let us be thankful for what has been done, and let us work and hope for what remains to be done.

Trans-Canada Air Lines have also put out on June 1 last a French issue of their timetables. It likewise deserves congratulations, and the progress of bilingualism in the administration of crown corporations is noteworthy. In conclusion, I would ask the minister whether it would be possible for him to table in this house a copy of the contract between the Canadian National authorities and the U.S. controlled Hilton company, concerning the operation of the new hotel which is going up in Montreal.

(*Text*):

Mr. Low: Mr. Chairman, I hope the minister will get his estimates under way and I do not want to hold them up unnecessarily. I am going to try to be the very soul of brevity and put before him the pith and substance of what is a very strong case for the western people, at least, in relation to what now seems to me to be an abomination.

First of all I would like to invite the minister to come up to my constituency this summer, if we ever get through here, and I would suggest that he come about blueberry time. I would like him to see for himself what is going to happen when the Pacific Great Eastern Railway has completed its line into Dawson Creek on the south side of the Peace river and into Fort St. John on the north side. There will be a gap of something between 90 and 100 miles between Hines creek on the north side of the river and Fort St. John that will be left without a railway link, and consequently there will be no outlet to the Pacific coast for all the territory on the north side of the Peace river. Therefore it will be necessary for the people in the great northern Peace river country to pay for that very long back haul of 275 to 300 miles into the city of Edmonton before they can even start to get their goods out to markets either on the Pacific coast or at the head of the lakes.

There is no reason why the railways of Canada should not complete this link, and there is every good reason for doing so. I believe the people there have a good case, and it would be well for the minister to look into it by a personal visit to see for himself what is involved. I entreat the minister to come out to that part of the country and see this situation for himself as soon as he possibly can. That is all I am going to say about the matter. By the way, I might add that we will treat the minister very well if he comes out to see us and we will ensure that he gets plenty of blueberries. Incidentally, he may be able to gain a few votes, too, if he comes out to that territory; and I think that is a fair suggestion coming from me.

I would like to say a word about what has been in the past a very great interest of mine. I refer to the great increases in freight rates that have taken place since 1945. Freight rates in western Canada have increased by more than 100 per cent since that year. Those people who live on farms out there have to pay freight rates both ways, that is on everything they buy coming westward and everything they sell that goes eastward, and they are beginning to wonder what is the end of this thing and how in the world they can ever find justice.

A few years ago there was a concerted outcry by members of parliament from western Canada against what was then a very discriminatory set of freight rates. It was largely because the members of the various parties in this house forgot politics and united in that outcry that we were able to obtain the appointment of a royal commission that went into the whole matter, and after their studies were complete they recommended amendments to the Railway Act to provide for overcoming the discrimination through the use of the one and a third freight rate rule and the equalization principle.

I am now suggesting that the time has come when members of parliament from the western provinces should again forget their political affinities for the time being and unite in an outcry against the injustice which is prevailing today. I think this must be done, and I believe it is the only way we can strengthen the minister's hand in accomplishing this. I am not blaming the minister at all, nor am I blaming his department. I am saying, however, that the people of Alberta, Saskatchewan and Manitoba have been euchred—and I used the term "euchred" advisedly—out of the benefit of the one and a third rule established by this parliament.

Those people thought they had something when the amendments to the Railway Act were made some years ago, and as a matter of fact they did have something; but the weapon the railways used to euchre the western people out of the benefits under the one and a third rule was agreed charges. These are contract charges; that is what they are. These charges are increasing by leaps and bounds. They are coming in great numbers every day. The railways are making increasing use of them as a means of circumventing the legislation passed by this parliament, and they are doing so deliberately. Agreed charges are not only increasing but the tragedy of the situation is that the board in its weakness when it was confronted by what was virtually a threat made by the railways, yielded to the railways' demand that the one and a third rule should not apply to agreed charges.

When I speak of the threat I should say this. The railways virtually threatened that if the board insisted on the one and a third rule applying to agreed charges they would not haul on transcontinental rates at all. Of course the board in its weakness yielded, and since then the railways have completely nullified the one and a third rule which was written into the act by this parliament a few years ago. As a result we in the prairie provinces are right back where we were during the period from 1914 to 1951. That is, we are again subject to a set of rules that are grossly discriminatory in every respect. My friend the hon. member for Edmonton East has given enough examples of this, and I do not need to take the time of the committee to repeat them. I would like to refer, however, to the example of skelp which is used in the manufacture of pipe. We are using a great deal of skelp in the western provinces today. The rates on this commodity into Alberta from eastern Canada are set at $2 per hundredweight, but under an agreed charge arrangement the railways are hauling exactly the same material from Hamilton into Port Moody in British Columbia for 95 cents. It costs more than twice as much to send it from central Canada to Alberta as it does to send it from central Canada to tidewater in British Columbia, which is 750 miles further along.

That is the kind of thing against which our people have set themselves and against which we are setting ourselves. If the members from western Canada would unite in demanding justice we would get justice in connection with this matter. As I say, some effective alternative must be found to the present practice of granting permissive flat horizontal percentage increases, because it is unfair and unjust when applied to the already discriminating freight rates.

I think I shall just leave it at that.

Mr. Gillis: Mr. Chairman, this is the fourth time the estimates of this department have been before this committee, and I think if I were the minister I would give up. I did not intend to say anything at this time, but if there is to be a general debate on freight rates I shall have to say something, as freight rates constitute the principal problem facing Nova Scotia.

In his presentation to the Gordon commission dealing with the future of Canada in the economic field the premier of Nova Scotia stated emphatically that one of the greatest detriments to that province in its development from an industrial standpoint, and with respect to industry already there, is the freight rate structure. He contended that that prevented the products of the province getting into the main markets of Canada. I do not intend to go into this in detail as we have heard it time and time again. We have been talking freight rates ever since I came into this house.

I want to say to the minister that freight rates are not an east, west or central problem; they are a national problem. You must take a square look at them from the national standpoint. Year after year in this house we support the wage demands being made upon the railways, particularly the Canadian National. Every time there is a wage increase on the Canadian National it must be added to the bill. They are not accumulating any surpluses to take care of these increases and there is only one way they can get the revenue to meet their commitments; that is in the form of freight rates, passenger rates and so forth which must be paid by the public. Year after year we hear the cry from the east and the west and the centre, but mostly from the east and west because the centre is not affected.

Twenty-five years ago Nova Scotia had an offset to these freight rates provided by the Maritime Freight Rates Act, but rates in

that area have increased 100 per cent since that act was established while the rates in central Canada, in Quebec and Ontario, have not moved at all. The rates were equal when the Maritime Freight Rates Act was first drafted, but with the increase in rates in that area and with the rates in central Canada remaining stationary, any advantage we may have had has been lost.

I think the time has come when instead of arguing for agreed charges, for equalization and all these things which are only palliatives, we should take a square look at the matter from the national standpoint. I submit that what is needed today is an overall transportation policy which would integrate rail, water, air and truck transportation under a competent body, with regulatory bodies to see that the transportation which was economical in a certain area should be used there. I think that is the only solution I would suggest.

We have been arguing the other matter; we have had complaints from the far east and from the west, and we are getting in an impossible position. We find it impossible to move our goods to the markets in the east and the west, and we find it impossible to bring the things we need from those markets. Despite all we have heard about agreed charges and other palliatives the condition is getting worse and worse.

I believe that the railways are fast approaching the position in this country where they will have to be considered as service organizations. We just cannot continue to go on as we have been year after year. The Canadian Pacific makes a little money, but not from its railway operations; it has other operations which are subsidizing the railway. To a very limited extent the Canadian National gets a little outside revenue. I have been on the railway committee for the last 16 or 17 years and every time we look at the accounts of the Canadian National we find a huge deficit which the government must fix up or a small surplus in one year with an anticipated deficit the next. Quite often we would have Mr. Gordon tell us that he expected a surplus of half a million the next year, but that on the other hand he expected an increase in costs because of wage increases and adjustments, with the result that there would be an anticipated deficit.

You cannot go on like that. An alternative must be found. The alternative is not to try to modify the rates to the west or to do something for the east or to try to go on as we are. I think we must recognize what I indicated a moment ago, that we are fast approaching the point when the railways will have to be looked upon as service organizations. We have two transcontinental lines with not enough people to use them to the extent that would make them profitable. They are necessary to the development of the country, but you cannot go on piling these costs on the consuming public year after year. It is retarding development in different sections of the country.

As I said a moment ago, we must integrate all the transportation systems of this country under a proper board with the power to regulate. Until we do that I think we are just talking to ourselves.

Mr. Patterson: Mr. Chairman, I have been listening to hon. members participate in this debate and I notice that most of their observations have been with reference to the effect of freight rate increases upon the prairie provinces. It has been intimated that Alberta is suffering the most from the increases which have taken place. That is also the picture as far as British Columbia is concerned. These constantly mounting freight rates are imposing an additional hardship upon the province of British Columbia as well.

I am thinking particularly of those who must bring feed grain from the prairie provinces. In our province, especially the area which I have the honour to represent, the economy lends itself to the production of poultry products, the raising of dairy cattle and so on. Many people are dependent upon feed grain brought from the prairie provinces. A year and a half ago the freight rate subsidy was reduced by almost 50 per cent. The result was that out of the $3 million which the federal government hoped to save, about $1 million came out of the pockets of the British Columbia consumers when at the same time they used less than 10 per cent of the freight assistance grant. I would suggest that it is very unfair. I know I am speaking of something that comes under the Department of Agriculture but I just want to show the position in which our farmers find themselves now with the increased rates. I feel that insult is being added to injury, because these people are going to be put in the position where it will be almost impossible for them to carry out operations in this field.

So I would suggest that the minister take some kind of action and do what he can to impress upon the board of transport commissioners and those responsible for these decisions that something will have to be done or we shall find that the economy in the whole of these western provinces is upset. That is all I want to say in this connection. I want to say again that I cannot see why the board

of transport commissioners should authorize an interim increase without hearing the case. That thought has been presented on several occasions this afternoon.

I had intended to speak a little longer in this connection but I do not want to take the time of the house, except to say this. When this government are paying out millions of dollars for storage charges because they cannot find markets, then why in the world is it that these freight rates are increasing to the extent that the markets are being lost because of the high freight rates?

There is just one other matter, and it is in connection with the Fraser river, which is a navigable river. I should like to call the minister's attention to some facts I placed on the record earlier this session—I shall not take the time to repeat them—regarding the Fraser river and the necessity for some action to dredge and channel it in order to take care of many of the problems arising there. At the time of the building of the Agassiz bridge—

Mr. Marler: That is a matter of public works. Would the hon. member co-operate—

Mr. Patterson: I think the Department of Transport has the responsibility for shipping and so on—

Mr. Marler: Not the dredging.

Mr. Patterson: I am talking about shipping. At the time of the building of that bridge, if I understand the facts correctly, the provincial government was forced to change its plans, to make the span higher to facilitate the passage of shipping under that bridge. I think it cost them an additional $1 million or so to make that alteration. The whole area is becoming more and more industrialized. Industry is opening up and wants to open up, yet the river is not suitable for navigation because of the sandbars, the lack of channels and so on. I am just making this request, that the Minister of Transport and the Minister of Public Works get together and try to work out some solution to the problem, because in doing so they will not only take care of the problems in regard to transportation but also the problems of river erosion and so on. I just make the request that these departments co-operate in working out a solution to the problem.

Hon. George C. Marler (Minister of Transport): I have taken note that some 25 members have spoken on this first item of my estimates. I take it that it is not the general wish that I should reply to each of these individually. I may assure hon. members that there are 95 other items in the estimates of the Department of Transport, and when these items come before the committee, if there are any questions that hon. members would like to have answered I shall certainly be glad to deal with them.

I would, in the very few minutes that remain, like to touch on one or two points very hastily, as there will not be further opportunities of discussing them. With respect to the question of freight rates, I am sure the hon. gentlemen will realize that it would be most inappropriate for me at this time, while the whole subject of freight rates is before the board of transport commissioners, to say anything on this subject one way or the other; because I assume that if those who are not satisfied with whatever decision may be rendered by the board carry an appeal to the governor in council, it would be unseemly that I should have already committed myself to any position on this very important subject.

I should like hon. members to remember when considering the question of freight rates that the wage agreements, the changes in wage scales in the current year, have added or will add to the wage bill for the two railways in the current year approximately $35 million, and in the year 1957 approximately $80 million. So I think the hon. gentlemen should not overlook that very important fact when they come to consider the position of the railways.

Mr. Argue: Consider paying a subsidy instead of increasing the freight rates.

Mr. Marler: I listened patiently to the hon. gentleman for most of the day, and perhaps he might spare me the interruptions in the very few minutes that remain.

I should like to say with regard to the Newfoundland services of the Canadian National Railways that since confederation the C.N.R. has invested something over $50 million in improvements in the system down there and, simply because that investment has not produced all the improvements that were expected and anticipated, a group of senior officials of the railway are to go to Newfoundland to see what can be done in the way of bringing about further improvements and what can be done to meet the demands that are being made upon the railway. In that connection I should mention that there are two vessels provided for the coastal service, the *William Carson* and the *Bonavista*, which should be in service without too much further delay.

I should like to say, with regard to the questions raised by the hon. member for Saint John-Albert, that we shall have an opportunity for discussing icebreaking operations in the St. Lawrence when we come to a further item in the budget, and I shall reserve my comments on that subject until that item is dealt with.

The same applies to the Edmonton airport, but I should like to tell the hon. member at once that when I went to Edmonton last year and saw the various sites being considered by the department for the new airport I said publicly at that time that nothing in the way of physical work could be done in this year, 1956, and that nothing could be done under intelligent, proper planning, until the beginning of 1957, when we hoped to be able to call tenders.

On the subjects of the one and one third rule and agreed charges, all I shall say is to suggest to hon. members who have spoken that they should read the last report of the royal commission presided over by Mr. Justice Turgeon, where the whole subject was discussed very fully and where the decision was reached that the one and one third rule did not apply to agreed charges.

I hope that the remaining 95 items of the Department of Transport budget will pass more rapidly than the first.

Mr. Hamilton (Notre Dame de Grace): I have a very simple question. Would the minister like to indicate to the house the item under which the Canadian National Railways and its affairs can be discussed? I do not think there is a direct reference to that under any item.

Mr. Marler: I do not know what particular subject the hon. member has in mind to discuss. All the affairs of the Canadian National Railways were examined by a select committee in the early part of the session. We had almost three days on the accounts of the Canadian National Railways, and I hope it is not intended to reopen the whole discussion that took place at that time. If it is on an item of freight rates, I think under the board of transport commissioners would be an appropriate time to discuss it. However, on the question of the railroad generally, I find it difficult to see where that would apply, unless it is on the ferry items, where there is provision for that.

Mr. Hamilton (Notre Dame de Grace): Specifically in this case I personally wish to hear more from the minister in regard to his promise made on April 24 to inform the house about plans for the Victoria bridge, which is causing considerable concern to many people.

Mr. Marler: I suggest that we can deal with that under the St. Lawrence seaway.

Item agreed to.

The Chairman: Shall I rise and report progress?

Mr. Marler: Unless the committee would like to sit for another hour.

The Chairman: Is there unanimous consent?

Some hon. Members: Yes.

Some hon. Members: No.

The Chairman: Apparently there is not unanimous consent.

Progress reported.

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

Mr. Deputy Speaker: I understand that the hon. member for Parkdale (Mr. Hunter) requests leave to revert to presenting reports of standing and special committees. Is that procedure agreeable to the house?

Some hon. Members: Agreed.

BANKING AND COMMERCE

NINTH AND TENTH REPORTS OF STANDING COMMITTEE

Mr. John Hunter (Parkdale): Mr. Speaker, I have the honour to present the ninth and tenth reports of the standing committee on banking and commerce in English and in French.

Mr. Nowlan: Small loans.

BUSINESS OF THE HOUSE

An hon. Member: No business?

Mr. Howe (Port Arthur): The business for Monday was announced last evening.

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

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

DEPARTMENT OF AGRICULTURE

41. Prairie Farm Rehabilitation Act and water storage, $4,142,965.

42. Major irrigation and reclamation projects in the prairie provinces, $7,050,000.

47. Prairie Farm Assistance Act administration, $502,137.

48. To provide for a grant to the Federated Women's institutes of Canada, $3,000.

Administration service—

591. Departmental administration—further amount required, $21,900.

Experimental farms service—

592. Experimental farms service administration—further amount required, $34,000.

Central experimental farm, including research and co-ordinating divisions for the experimental farms service—

593. Construction or acquisition of buildings, works, land and equipment—further amount required, $32,000.

Supply

Branch experimental farms, substations and illustration stations—

594. Construction or acquisition of buildings, works, land and equipment—further amount required, $302,600.

Production service—

Animal pathology—

595. Operation and maintenance—further amount required, $25,000.

596. Construction or acquisition of buildings, works, land and equipment—further amount required, $104,000.

597. Live stock and poultry—further amount required, $57,000.

598. To provide for grants to fairs and exhibitions in accordance with regulations of the governor in council and for payments pursuant to agreements in force on March 31, 1956, with exhibition associations covering the construction of buildings and other major undertakings—further amount required, $615,000.

599. Special grant to royal agricultural winter fair, Toronto, $250,000.

600. Grants to agricultural organizations, as detailed in the estimates—further amount required, $3,400.

Marketing service—

601. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates—further amount required, $1,636,552.

Special—

602. To compensate the New Brunswick potato marketing board for certain losses on payments to producers for potatoes marketed from the 1953 potato crop, which were not specifically covered by an agreement under the Agricultural Products Co-operative Marketing Act, $177,000.

DEPARTMENT OF TRANSPORT

A—Department—

435. Departmental administration, $1,777,100.

HOUSE OF COMMONS

Monday, August 6, 1956

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

UNEMPLOYMENT INSURANCE RESOLUTION—NUMBER OF SPEAKERS

Hon. W. E. Harris (Minister of Finance): I have just been informed that those in the opposition group who are particularly concerned with the first item of today's business, namely the unemployment insurance amendment, are prepared to have the resolution passed after one speech has been made by each of the opposition parties, so I would ask that the government members take the same view and allow the resolution to carry.

MOTIONS FOR PAPERS

CLOSING OF POST OFFICES, CAPE BRETON ISLAND, N. S.

Motion No. 98—**Mr. Nowlan:**

For a copy of all letters, memoranda, petitions, telegrams and other documents, exchanged during the past two years by the Postmaster General, or any agent or person acting on behalf of his department, or on behalf of any other minister of the crown, and any other person or corporation, concerning the closing of post offices at Whiteside, Walkerville, Evanston, Grantville and Lower River Inhabitants, Cape Breton island, Nova Scotia.

Motion agreed to.

POSTMASTERSHIP, DEBDEN, SASK.

Motion No. 99—**Mr. Diefenbaker:**

For a copy of all letters, including in particular alleged complaints, if any, which have passed between the department of the Postmaster General or any officials of his department, and any person or persons, since the 1st day of January, 1956, regarding the postmastership at Debden, Saskatchewan, and the temporary filling of the position.

Mr. Kirk (Shelburne-Yarmouth-Clare): I wonder if the hon. gentleman would be willing to let this stand until Wednesday when the Postmaster General will be here.

Mr. Diefenbaker: Agreed.

Motion stands.

EXTERNAL AFFAIRS

EGYPT—CANADIAN POSITION RESPECTING SEIZURE OF SUEZ CANAL

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs and ask him whether or not he is prepared to give a report on the Suez canal area and also would he inform the house and the country whether Canada's official stand follows that of the United Kingdom and France or that of the United States?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, there is very little that I can add to what has appeared in the press about the actual situation in the Middle East.

In so far as the latter part of my hon. friend's question is concerned, as to the stand that Canada is taking in this matter, I think that statements previously made have indicated that stand. We know now that a conference is to be called in 10 days and the government hopes, as I know all members of the house hope, that at that conference a solution to this very difficult and indeed dangerous problem will be found which will safeguard the free use of the canal without discrimination and that as a result force of any kind will not be required to bring about that essential result.

I must also deprecate, in a friendly way, the implication of my hon. friend's question that there is necessarily any difference of policy in this matter between the United States on the one hand and the United Kingdom and France on the other. I hope that at the conference in question the three governments will be able to work closely together and that at this conference, as in all other matters—and this is a question of the most vital importance to Canada—the closest co-operation inside the commonwealth and the closest co-operation between the United Kingdom and the United States will be reflected once again.

Mr. Diefenbaker: Mr. Speaker, if I may ask a supplementary question, is there not a very substantial difference between the attitude taken by the United Kingdom with France on the one hand and the United States on the other, and to what degree is Canada giving support at this time to the stand taken by Britain in order to preserve peace in the Middle East? Will the minister say whether or not, having regard to the fact that Canada is a trading nation, she made any application or suggested that she would be willing to attend this conference so that the weight of her views might be expressed there and

a degree of support given to the United Kingdom in this hour of great stress and difficulty?

Mr. Pearson: Mr. Speaker, the three governments of the United Kingdom, United States and France have all agreed on a communique, and we have already indicated to this house, through a statement of the Prime Minister, our strong support for the objectives of that communique on which the three governments are agreed. It might be that there is a difference of approach as to how the objectives of that communique can be realized between the United States on the one hand and the United Kingdom and France on the other; but I hope that any possible difference of approach will not result in a difference of policy. I think it is essential from everybody's point of view who is interested in getting this problem solved peacefully that there should be unity between those three countries as to how it should be done.

So far as the supplementary part of the question is concerned, Mr. Speaker, we did indicate to the meeting in London that we would be willing, of course, to attend the proposed conference if we were invited. The criteria which were laid down by the three governments for an invitation to that conference were ones to which we did not take any exception, namely the signature of the Constantinople treaty, the importance to a country of its shipping going through the Suez and the importance of the canal to the trade of a country. As it happened, Canada did not fall within those criteria, and therefore we did not receive an invitation, nor, indeed, did any other western hemisphere country except the United States, nor did South Africa. We have no complaints about that at all; but we would, of course, have been quite willing to attend the conference if we had been invited, and we indicated that to the governments that were meeting in London at that time.

ISRAEL—INQUIRY AS TO POSITION RESPECTING EXPORT OF SABRE JETS

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Will a decision regarding the delivery of jet fighter planes to Israel be made before this session of parliament ends?

An hon. Member: Move the adjournment of the house.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am unable to answer that question because I do not know when the house is going to rise, but as I stated in the house the other day we are in consultation with other governments with whom we have been discussing this question in order to establish a relationship, if any, as was pointed out the other day, between the supply of arms to Israel at this time and the dangerous situation in the Middle East arising out of the Suez incident.

NATIONAL REVENUE

LETHBRIDGE—REFERENCE TO COMMUNICATION FROM F. G. HOLBERTON

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before the orders of the day are called I desire to direct a question to the Minister of National Revenue, notice of which I have not previously sent him.

Has the minister received a letter dated August 3, 1956, from F. G. Holberton of Lethbridge, formerly until 1950 an employee of the Lethbridge income tax office, now a partner in the firm of Holberton and Kaun Limited, accounting, auditing, income tax, Lethbridge, in which Mr. Holberton calls in question certain of the minister's statements in answering questions asked in this house by the hon. member for Lethbridge, since the minister's announcement of intention to close the Lethbridge income tax office on September 1, 1956?

No doubt the minister will desire to take this as notice, but perhaps he could tell me whether or not he has received that letter.

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the question is rather long. I will have to accept it as notice and I will give an answer tomorrow.

FINANCE

INQUIRY AS TO REMOVAL OF SALES TAX ON CUT FLOWERS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of Finance if he has received any recent representations seeking the abolition of the sales tax on cut flowers and, if so, what reply he has made to such representations?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, no representation has been made, I think, since about budget time, as I recall it, although possibly representations have been received in the department.

Mr. Fleming: May I ask the minister what reply he made to the representations he did receive at the time he did receive them?

Mr. Harris: My recollection is that I was not able to agree to the representations, but I will have to check to see the reason I gave for that.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT EXTENDING PROVISIONS TO PERSONS ENGAGED IN FISHING

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Unemployment Insurance Act to authorize the unemployment insurance commission with the approval of the governor general in council to make regulations providing for the extension of the act to persons engaged in fishing notwithstanding that they are not employees of other persons, and for including as an employer of a fisherman any person with whom the fisherman enters into contractual or other commercial relationship in respect of his occupation as a fisherman, and also to modify the provisions relating to the requalification requirements for certain subsequent benefit periods and to adjust the duration of regular and seasonal benefits accordingly.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Gregg: Mr. Chairman, the resolution standing in my name now before the house is almost self-explanatory; consequently it will be possible for me to join with my three fellow members this morning in making my statement short.

First of all I would like to express my gratification at the understanding that had been reached entirely without my knowledge, which was announced by the leader of the house.

On May 16 last I stated in this house that we had been continuing our investigations to find out to what extent if any the Unemployment Insurance Act might apply to a reasonable number of individuals who were engaged in the fishing industry, many of whom are self-employed. I stated that even though it should be found that a plan could be formulated to provide coverage for fishermen generally it would take a good deal of time to work out anything like a practical detailed plan.

The government has now given consideration to the outline of a plan which the unemployment insurance commission believes can be worked out in detail in a practical manner. This plan would give a limited coverage under special regulations to persons whose main occupation is fishing. For most of those engaged in fishing only seasonal benefits could be made available. In order to bring such a scheme into operation it will be necessary to have an enabling amendment to the Unemployment Insurance Act to provide for collections of contributions from and on behalf of fishermen who are not employed for wages.

In view of the wide variety of ways in which the fishing industry is carried on in different parts of Canada, several months more will be required before it will be possible to announce a practical detailed plan. It is the expectation of the government that this plan can be worked out in time to permit contributions from fishermen to commence by the beginning of the next fiscal year, which is the most satisfactory date if the majority of fishermen are to be put in a position to make enough contributions to qualify for benefits before the end of that fiscal year. This resolution forecasts a short enabling amendment for the purpose I have mentioned.

As to the second part of the resolution, the other clauses in the bill which will follow this resolution propose to modify section 45 (2) and other related sections dealing with qualification for benefit. The present effect of the act is that persons who become unemployed and claim benefits every year have to acquire 30 weekly contributions every year in order to qualify. The proposal will allow these persons to requalify if they make 24 or more new contributions during the preceding year. This change would be accompanied by adjustments in the duration of benefits on such claims and also in the duration of seasonal benefits. It is expected that a substantial percentage of those who were unable last fall to requalify for ordinary benefits will be able to requalify under the modified conditions proposed in the bill which will follow this resolution.

I am informed by the Clerk of the House that if and when this resolution is passed copies of the bill in both languages will be available at the table.

Mrs. Fairclough: Mr. Chairman, as the minister said, it has been agreed that this resolution will be considered in committee with only one speaker from each party participating in the debate at this time. Of course we are anxious to see the bill and I presume it will be available today.

Mr. Gregg: That is right.

Mrs. Fairclough: The various clauses and the effect of the amendments I understand will be considered in the industrial relations committee.

Mr. Gregg: If it is the will of the committee of the whole that that should be done, I would be glad to recommend it.

Mrs. Fairclough: There are just a few things I should like to say at this time. The Unemployment Insurance Act was completely overhauled last year and the committee went into the revisions exhaustively, but I am sure that most of us did not realize that the new act would impose such restrictions upon employed workers. I am sure we were all caught by surprise. This year many workers have been disqualified because of the requirements of the new act and I still think that those disqualifications were due to the manner in which the regulations were interpreted. It is true that early this year the minister authorized his officials to revise their interpretation of the regulations to admit some of those who had previously been disqualified. Even then, if my memory serves me well, the revision only admitted some 6,000 out of some 90,000 that had been disqualified by reason of the new regulations.

Of course, we were promised that some new revision would be made by about May 15, but that was not found possible, and even with the re-interpretation of section 119 (b) we found that a great many persons in the past winter were unable to qualify for unemployment insurance. So we welcome a revision of section 45 (2), which it is hoped will achieve the result desired.

However, I trust that the minister, in watching the effects of this amendment, will not permit it to go so long this coming winter as to disqualify again a large number of persons who are applying for benefits. Last year it was a case of waiting to see how bad it was going to be before we did anything, and the net result was that those persons who were unable to qualify suffered for the whole winter. They never got on the list, with the exception of those few who were able to qualify after the interpretation of the regulations had been altered. So I hope that, even though the proposed amendment to 45 (2) now appears to cover most of those who might find themselves in difficulties, if and when a new season of seasonal unemployment hits us this coming winter, too much time will not elapse before the minister will take whatever steps are necessary if he finds that even this new amendment to 45 (2) does not produce the desired results.

Now I should like to say a few words with reference to the coverage for fishermen. Those of us who were in the committee last year followed the discussions there with great interest, and all of us, I am sure, were pleased at the interest that was taken by the Minister of Fisheries himself. I am sure that the present regulations that are being brought in are in part due to the keen interest that was taken by the Minister of Fisheries and also by the Minister of Citizenship and Immigration. I am sure that their combined interest in the plight of the fishermen had much to do with persuading the government to institute coverage for these men.

Whilst I am not a fisherman myself, I have felt right along that these men required special treatment because of the very nature of the work in which they are employed. True it is that one of the great difficulties that faced the department was the difference in employment between those who operated on the west coast and those who operated on the east coast. I hope that the amendment to the act and the subsequent regulations, when they are brought down, will take care of this coverage, but I am a little disappointed that it is going to be so long before they go into effect. Coverage has been considered since last year definitely and prior to that, with representations from the groups concerned, and now it will be another year before contributions will be taken, and still another eight months or so before they will be able to benefit.

I have one major disappointment with regard to the bill that will be brought down, and that is that on this occasion when the minister had a golden opportunity to amend another portion of the act he did not take it. I refer to section 67 (1) (c) (iv) with respect to married women. I still believe as I did last year, and I tried to implement that belief with action, that this clause should be eradicated from the legislation. If we could have it stricken from the legislation then section 161 of the regulations would become unnecessary.

I should like to point out to the minister that women now constitute 23 per cent of the labour force and that 15 per cent of all married women are now in paid employment. These are the figures given by the director of the women's bureau of the Department of Labour during the course of the consideration of the estimates of the department. Those of us who have repeatedly asked that this clause be stricken from the act are hopeful, since the minister has not seen fit so far to listen to our pleas, that the studies of the women's bureau of his own department will eventually convince him, and I trust that time will not be in the too far distant future.

You have here a large body of employed persons who suffer discrimination under the act which is not suffered by any other group of workers. In my opinion it is all wrong. We have to remember that the unemployment insurance fund is supported by these workers. The funds, now approaching the $900 million mark, have been contributed by those workers who are covered by insurance and these

funds, which they contribute through weekly deductions from their pay, are not subject to tax exemption. Whether they are insured or whether they are not insured they contribute to the fund, in the first instance through their weekly contributions and the lack of tax exemption therefor, and in the second instance by the government portion which is paid in turn out of taxes collected from employed persons. On the other hand, the employers' contribution is eligible for tax exemption in the hands of the taxpayer. The government contribution, as I said a moment ago, is paid for out of taxes, moneys collected alike from workers and employers.

Because of this it seems to me that all workers have a very real interest in the fund which is being built up, and now, when we have 60 per cent of the labour force covered by unemployment insurance, when we have such a large number of women employees both married and single, I think it is high time that the minister took another view of this offending clause and listened to our pleas to have it removed from the act. We will wait until we see the bill, Mr. Chairman, to make any further comments, and we will follow the discussion with interest.

Mr. Gillis: Mr. Chairman, I am not going to anticipate any of the details of the bill that follow the resolution. The impression may have been created throughout the country that we are rushing this matter through the house at the last minute, but may I say that is not the case. This matter has been under discussion and consideration by the members of the estimates committee who looked at the minister's estimates as long ago as last April. At that time the minister was not quite clear as to what he could do with respect to amendments, particularly with regard to section 45 (2). The actuaries have been looking at the problem since that time up until a few days ago. The minister now has the necessary data to bring in a bill which is a compromise having in mind what I should like to see. But I think that after discussing this matter briefly with the minister a few days ago, as a member of the estimates committee, the amendment to section 45 (2) will at least considerably modify the situation that existed last winter. I am not going to comment on it now because this bill, I understand, is going before the industrial relations committee where the members of that committee will take a square look at the details of the bill and also point out to the minister any other adjustments we may think necessary in the Unemployment Insurance Act.

There is one thing that I believe the members of this house will have to hammer home to the people of this country and that is that the unemployment insurance fund is a trust fund which belongs to the workers of this country. It is not only the responsibility of the Department of Labour and the Civil Service Commission to protect that fund but it is the responsibility of organized labour, particularly outside of this house, to use that fund as a trust fund that belongs to them. Anyone who injures that fund in any way should be taken to task.

Now, with respect to the fishermen, I may say that so far as the members of the committee are concerned it is the unanimous opinion that the fishermen should be brought under the act. However, it is going to be rather a difficult administrative job. It is not going to be easy, not nearly as easy as it is for the organized labour forces. I do not think we want to create the illusion that the mere passage of this bill will bring benefits to the fishermen within five or six months. It is not going to be that easy because the task of getting them registered, centred in their proper offices, that kind of thing, is going to be difficult. I do not think we should have any illusion as to how rapidly that will be accomplished.

I am not going to say any more at this time, Mr. Chairman, but I did want to dispel the illusion that we were rushing things. We have been considering this matter continually since last April and I believe the members of the committee are unanimous in believing that what we have arrived at is not all that we would like to see but it is the best we can do under the circumstances. The Minister of Labour has been very cooperative in the matter and I join with the hon. member for Hamilton West in saying that with respect to settling the question of bringing in the fishermen, a large part of the credit should go to the Minister of Fisheries. I do not want the press outside to get the impression that the Minister of Fisheries and I are now tilting across the floor to bring about the kind of thing he suggested a few days ago.

Mr. Sinclair: It will come.

Mr. Gillis: I do say that in all sincerity because I know the minister and his departmental officials worked very hard on it. I know that the Minister of Citizenship and Immigration worked hard as well, but of course he has a motive in that a large part of his riding is a fishing area. He is working for his riding, and rightly so. He was interested in seeing this thing brought about. I expect I shall have something to say when the bill comes back after we have looked at the details. I might say that the

married women's regulations are something that I used to call the bear trap, but I think in dealing with the subject a few days ago before the committee, the hon. member for Hamilton West will agree with me, there has been a modification in the administration and they certainly are not working the way they used to do.

Mrs. Fairclough: They should not be there at all, anyway.

Mr. Gillis: The last time we amended the act, we took that out but the actuaries placed it back in. I do think there has been a modification with respect to administration, but I agree they should be out and that has been my main demand over the years. However, I am glad we arrived at this decision to get this matter finalized before the session closes. I will say that in my judgment the arrangements now made with respect to amending section 45 (2), by reducing the number of weeks to qualify from 30 to 24, will take care of the big load now. Officials of the unemployment insurance commission showed us, with the use of charts, how it would have worked week by week last year. I think that, if the data are correct, this is going to bring a lot of relief and will pretty well cure the situation that we faced last year with respect to seasonal unemployment. At the same time, it is not going to cover everybody and there will be difficulties with regard to qualifications. However, the amendment is going to break the back of the big load we encountered last winter.

Mr. Hahn: In speaking on behalf of this group, Mr. Chairman, I might say that we welcome the resolution standing in the name of the Minister of Labour. As was pointed out by the hon. member for Cape Breton South, section 45 (2) has been continually before the committee throughout the whole of the session, as well as other labour problems. The minister has been kind enough to frequently call the steering committee together to discuss certain phases of the question so we must say we have been kept thoroughly informed as to what we might expect will take place.

I am satisfied that if the regulations connected with section 45 (2) are as good as they were when we first revised the act two years ago, then in all likelihood they will meet the desires of the employees. In so far as the part having to do with the fishermen is concerned I, too, would like to be counted with those who have complimented the Minister of Fisheries and the Minister of Citizenship and Immigration upon doing their best to bring this about. I know something of the interest the Minister of Fisheries has taken in getting unemployment insurance for the fishermen, because we both have fishermen in our ridings on the Pacific coast. The hon. member for Fraser Valley has spoken of the need of fishermen for this provision, and he too has received representations from them. I am sure that they will welcome this part of the resolution, but I foresee a great deal of difficulty in the administration of the act. However, the fact the department realizes its responsibility is of considerable merit, and I would say we could probably leave it to the administration to work out the details.

I have not, therefore, very much more to say at this time since we have agreed that we should have only one spokesman from each group. I think we can do a great deal more of our study of this matter in the industrial relations committee. After we get the bill and study it in more detail, we will have more to say on it on second reading.

Mr. Gregg: I want to thank the three speakers for their co-operation this morning, Mr. Chairman, and I join with them in expressing gratitude to my colleagues the Minister of Fisheries and the Minister of Citizenship and Immigration for the part they have played in making this resolution with special reference to fishermen possible. These remarks apply also to the officials of the Department of Fisheries and the departments other than my own because this has been a joint departmental effort to reach this stage.

The hon. member for Hamilton West expressed some regret that there will be delay even yet with the insurance plan for fishermen. I think it very important, in taking this vital step, that we should do everything we can possibly do to make sure that when the plan does come into effect it will work as well as possible. We believe it may be necessary for some of our officials who have been working interdepartmentally on this to go to parts of our fishing areas to hold hearings or to investigate the conditions that exist there so that the plan might be tailored to take them into the best advantage. I do not mean taking in in the sense that is sometimes used, but to cover the fishermen to the best advantage.

Since the question has been asked, I might make the statement that the plan is intended to cover not only the fishermen on both coasts but also those engaged in commercial fishing in fresh water, not the kind with the rod and the fly.

The hon. member for Hamilton West hoped that too much time would not be lost in bringing it into effect. I can assure her that

we will not delay. She also asked us to watch the working of the amendment to section 45 (2) when we come into the fall of this year. We will do that, unquestionably. It should be recalled by the committee that every fall, as a matter of fact, every month of the year, a great many insured workers, whose applications cannot be accepted for a great variety of reasons, apply for insurance. Consequently, out of the 90,000 that were turned down last fall, there were a great many who would have been turned down had the act never been amended, last session.

With regard to the married women question, we shall continue to have that matter kept under study and very careful consideration. The hon. member for Cape Breton South said—and I was very glad to hear him say it—that we are not rushing this through parliament. The fishermen question has been before the officials of this government, the Minister of Fisheries and the Minister of Labour for five or six years. It has been intensively before us now for two years. Ever since last Christmas section 45(2) has been a source of concern, study and worry as far as my people are concerned; that is, on the official level. As far as the House of Commons is concerned, both items have been to the fore and have been carefully considered ever since the estimates committee met in the early days of March.

Furthermore, we do not want to create the illusion that by bringing in this enabling clause to the act, which will come in the amendment, the fishermen will be getting unemployment insurance next week, next month or even at the end of this year. It will take time for the plan to be completed. When we come to the committee of the whole I shall not be able to answer questions in detail on the plan because of the fact that I do not want to tie the hands of those who are now charged with the responsibility of completing the plan. I shall be able to give, as I have already given or as the resolution has given, certain broad principles governing it.

I think that covers the points that have been made, and I again say, sir, that the Clerk has on hand a supply of the bill for study so that the second reading can be moved forward.

Resolution reported and concurred in.

Mr. Gregg thereupon moved for leave to introduce Bill No. 449 to amend the Unemployment Insurance Act.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: Shall this bill be read the second time later this day, or next sitting of the house, as the case may be?

Mr. Green: Next sitting.

INTERNATIONAL WHEAT AGREEMENT

APPROVAL OF AGREEMENT OPENED FOR SIGNATURE AT WASHINGTON ON MAY 14, 1956

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved:

That it is expedient that the houses of parliament do approve the international wheat agreement opened for signature at Washington on May 14, 1956, and that this house do approve the same.

He said: Mr. Speaker, the international wheat agreement, which came into operation in 1949 and was renegotiated in 1953, expired at the end of July this year. In order to continue the agreement, the United Nations convened a conference which succeeded in renegotiating the agreement again, subject to signature and acceptance by the governments of the countries concerned, to run for an additional three years up to July 31, 1959. Thus it is anticipated that the agreement, which has completed seven years, will have at least 10 years of operation.

The results of the renegotiation were announced in the house on April 23, and to bring hon. members up to date on the developments since then, I should mention that the agreement was open for signature from May 14 to May 18, during which time the agreement was signed by the seven participating exporting countries and 34 of the importing countries which indicated their intention during the negotiations to participate in the new agreement.

Signatory countries were required by July 16 to deposit instrument of acceptance or give formal notice of their intention to do so not later than December 1, 1956. The following countries have met this requirement: Argentina, Australia, Canada, France, Sweden, the United States. Importers: Austria, Belgium, Bolivia, Brazil, Costa Rica, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Germany, Greece, Guatemala, India, Israel, Italy, Japan, Korea, Lebanon, Liberia, Mexico, Netherlands, Nicaragua, Norway, Panama, Peru, Philippines, Portugal, Switzerland, Union of South Africa, Vatican City, Yugoslavia.

Exporting countries accounting for more than two-thirds of the total guaranteed quantity as well as importing countries accounting for more than this amount have complied with the acceptance provisions of the agreement with the result that the agreement came into effect on August 1, 1956.

Twelve of the importing countries represented at the United Nations wheat conference did not sign or accept the agreement, namely, Ceylon, Colombia, Cuba, Haiti, Honduras, Indonesia, Jordan, Saudi Arabia, Spain, Venezuela, Ireland and New Zealand. It is possible that some of these countries may wish to be admitted to the agreement by accession at a later date. Only one of the 12 countries, Ceylon, has declared since the conference that it does not intend to take part in the agreement.

As for the agreement itself, I think that all members of the house will be disappointed in the government of the United Kingdom's declaration early in the negotiations that they would not rejoin the agreement. Because the United Kingdom imports a much greater quantity of wheat than any other country, the agreement is denied the leadership of the United Kingdom on the import side at a time when their effective participation would be welcomed by other importing countries and by exporting countries alike. On the other hand, the United Kingdom officials have advised us that their market for wheat is open to us without let or hindrance of any sort and that they anticipate the British millers will continue to prefer our qualities of wheat as they have done in the past. In other words, they will continue to do business with us, whether they are inside or outside the agreement.

Although the United Kingdom continues to stand aloof from the agreement, Argentina and Sweden have joined, for the first time, the ranks of the exporting countries. Argentina's participation will create a liaison through the agreement with the other exporting countries as well as the importing countries. This marks a new departure in the grain marketing policy of the Argentine government which is welcomed by both exporting and importing countries.

It has been disappointing to see the reduction in the amount of the guaranteed quantities for some of the importing countries which have remained within the agreement. Because of the reductions in the quantities of these importing countries the major exporting countries including Canada have had to reduce their guaranteed quantities by roughly one third from the levels of the 1953 agreement. Canada's new guaranteed quantity will be in the neighbourhood of 100 million bushels, depending upon the actual acceptances of the agreement by the importing countries. Not only has the easier supply situation within the importing countries as well as within the exporting countries contributed to this decrease, but transactions entered into or in prospect by some of the importing countries with the United States under the provisions of public law No. 480 have induced them to refrain from putting a high percentage of their total import requirements into their guaranteed quantities under the agreement. Such wheat transactions on non-commercial terms do not qualify for registration against the United States guaranteed quantities under the agreement and it is unfortunate that the existence of such transactions is operating to limit the present scope of the agreement.

When it became known to us that the guaranteed quantities would be reduced, our delegates to the conference were instructed to take a very firm position on prices because we were not prepared to make price concessions in return for such reduced quantities. In the end agreement was reached on a price range of $1.50 minimum—$2 maximum, which represents only a token reduction from the $1.55-$2.05 price range negotiated in the 1953 agreement.

As on other occasions, the government and our delegation had as advisers the presidents of the principal western farm organizations who all endorsed renewal of the agreement on the terms that have been agreed.

Although the agreement does not, as we might have wished, cover a major portion of the world trade in wheat, one must bear in mind that the background wheat position created a difficult atmosphere for the renegotiation of the agreement. Therefore, there is some reason for satisfaction that agreement could be reached on the present basis which will provide time not only for the supply situation to level out, but also to test the degree of continuing support for the agreement.

With a few notable exceptions, the great majority of importing countries have attached continuing value to their participation in the agreement. They have no reason to fear for lack of supplies of wheat in the immediate future, but they do value stability in agricultural prices to which the agreement has contributed. For our part, we attach value to the fact that forty nations or more have recorded their acceptance of a range of prices from $1.50 to $2 as a fair range for the course of wheat prices over the next three years.

The agreement also contributes to understanding and exchanges of views between the trade representatives of the importing countries and the exporting countries and to exchanges of views among the exporting countries in which Argentina and Sweden will now participate, as well as Canada, the United States, Australia and France.

These more intangible values might be regarded as the real substance of the agreement rather than the contractual guarantees which the agreement contains, namely, a market for 100 million bushels if offered at the floor price of $1.50. It is because so many countries are still prepared to subscribe to the principle of stability in the international level of wheat prices that I commend this new agreement to the house for approval.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, having regard to the lateness of the session the viewpoint that will be expressed by the opposition through me will be limited very considerably.

The minister has mentioned the disappointment of the government in the fact that the amount of wheat that will be purchasable from Canada has been considerably reduced under wheat agreement No. 3, the amount of the reduction being some 50 per cent. Indeed, when the parliamentary assistant to the minister referred to the agreement on April 23 he made this statement in part as reported at page 3161 of *Hansard* for that date:

> . . . notwithstanding inadequate quantities Canada should continue to participate provided there was no substantial reduction in maximum and minimum prices from those included in the present agreement.

There has been no serious change in either regard, the reduction being, as the minister says, five cents on the maximum and the same amount on the minimum.

It is of interest to note that in effect what has been done in respect of the amounts purchasable under this agreement is the establishment of a floor price for wheat. That is an important matter and achieves in part, although to a limited extent as compared to previous agreements, something that the farmer in this country and I think generally throughout the world does desire, a stabilizing security and a floor price.

However, it is also interesting to note that while the floor price is a little different from what it was when the first agreement was made farmers generally find their purchasing power has been materially reduced during the period of approximately seven years that the agreement has been in effect.

The reason for this is simply the fact that Canada's dollar is becoming more and more anaemic through inflation. The tendency is a downward purchasing power for the Canadian dollar. The problem of inflation, more and more serious as the days go by, is one that must be faced by Canadians.

I point out the difference in purchasing power over a given period of time. My information is secured from the submission of the interprovincial farm union council in June and the figures given not having been challenged may be accepted as representative of the facts.

In 1948-49 the purchasing power per bushel, based on a comparison with the period from 1935 to 1939 being 100, was then 93 cents. It has gone down gradually since, year by year, until in 1950-51 the purchasing power was 86 cents; in 1951-52, 81 cents; in 1952-53 the same. Then there was a material diminution in 1953-54 to 70 cents, and in 1954-55 to 61 cents. The latest figure estimated for 1955-56 is 58 cents. In other words, while prices under the international wheat agreement have changed little in the intervening seven years they have been greatly altered in their effect by the reduced purchasing power of a bushel of wheat, falling as it has from 93 cents to 58 cents, a decline in purchasing power of 62 per cent.

As far as the agreement is concerned, it does achieve some measure of futher stability, although without the United Kingdom as a member it cannot be as effective as otherwise might be the case. The minister said that he was disappointed that the United Kingdom had not joined in the agreement, but he pointed out that the United Kingdom would still require to purchase large quantities of wheat. A little later I intend to make reference in that direction and to suggest to the government that measures be taken as between Canada and Great Britain to bring about a larger measure of trade than is the case today.

Too often we in Canada think only of our economic relationship with Great Britain. Too seldom in recent years has our attitude been to consider and to support the world leadership of Great Britain. That is particularly so at this moment when Great Britain finds herself in one of the most challenging situations in her history. Canada's attitude toward Great Britain as revealed again today by the Secretary of State for External Affairs has not that directness which would be expected under the circumstances. It is almost one of pussyfooting disregard of the serious situation which prevails in the Middle East. We think of our economic relationship but we should be thinking of our political and international relationship within the British commonwealth and be ready to take a stand in keeping with our responsibilities within the commonwealth.

As far as the wheat agreement is concerned, its purpose is, first, to secure greater stability of income of both producers and consumers of wheat and, second, to provide a mechanism for the orderly adjustment to

changes in supply of and demand for wheat. The international agreement provides guaranteed sales, but only in the event that the price falls to the minimum. The guaranteed sales for the exporting countries are as follows:

	Bushels
Argentina	14,697,484
Australia	30,257,380
Canada	102,896,902
France	16,534,669
Sweden	6,430,149
United States	132,098,561

This agreement in no way meets the serious situation in which we find ourselves. Once more this year Canada is faced with vast surpluses, and this situation is true not only in Canada but throughout the world. According to the latest figures the supplies of wheat remaining on hand on about June 1 of this year in the four major exporting countries for export and carryover total 1,887 million bushels, or 1 per cent more than a year ago. In the case of the United States, the supplies on hand at June 1 amounted to 1,057 million bushels, a small increase over a year ago. Canada had almost 600 million bushels on hand, as compared with 541 million bushels at the same period last year. There has been some change in that figure, but not a material quantitative change. Australia had 160·8 million bushels as compared with 133·8 million bushels; and Argentina had 69·7 million bushels as compared with 143·8 million bushels a year ago.

We have once more in prospect a very large crop of wheat on the prairies. What is to be done about this situation creates one of the great problems facing us. I say that this problem will not be met by the present agreement representing, as it does, a market for only 100 million bushels of Canadian wheat.

What must be our purpose in international trade? After all, Canada is a trading nation, in particular agriculturally so, and it is to this I am directing my attention at the moment. Action will have to be taken through multilateral trade agreements and by co-operation among the free nations particularly if we are to avoid finding ourselves in a worsening position with surpluses ever piling up and with restrictions against importations in various parts of the world. The best summary on international trade I have found is that made by the Canadian Federation of Agriculture in its brief to the royal commission on Canada's economic prospects on March 5, 1956, and I quote:

> In arriving at the best possible international trade policies, it is necessary to recognize that from the farmers' point of view several basic aims and objectives must be taken into account, and given proper weight.
>
> To give every encouragement to the freest possible inter-exchange of products between nations.
>
> To maintain and increase Canada's position as a successful world trader—something upon which the whole Canadian economy depends.
>
> To maintain and develop Canada's export markets for agricultural products—of which she is a surplus producer. This applies particularly to wheat and other grains, but also to meat, some dairy products and by-products, and some fruits and vegetables.
>
> To protect the prices and incomes received by farmers from excessive decline.
>
> To protect the land, and to develop technical and human resources that make up Canada's farm industry.

The brief proceeds in that way. As far as this agreement is concerned, it is merely one of the means that can be used, and further means will have to be adopted. Not only are our farmers finding themselves in the position of having ever-increasing surpluses of wheat on hand; with the exception of the last few weeks there has been a profound loss of wheat markets, in particular Great Britain, which was for many years our major market. The situation in Canadian agriculture is set out by the Canadian federation in its brief to the government on February 14. It says:

> From the point of view of prices, farm products now show a price decline, taken as a whole, to about 20 per cent below a fair relationship level—whether this is calculated on the base period of 1925-29 used by the Canadian Federation of Agriculture or the more recent period of 1943-45.
>
> Farmers from coast to coast feel keenly that on the average their returns have become badly out of balance with those of other major economic groups in the nation. It is important to emphasize purchasing power in this connection because the farmer's difficulties are to be found as much in high prices of the things he buys as in a decline in the number of dollars he receives.

I am not going to go into details of the summary of the international wheat agreement that was made by Mr. Graham Spry in the summer 1956 issue of the *International Journal*, but this article clearly sets forth the very serious situation for wheat farmers generally. It says:

> The importers, far more than the exporters, were determined to get an agreement and on February 27 took the exceptional course of stating publicly, in reply to the United Kingdom, that previous agreements "had promoted and maintained a degree of stability" and that they wished to negotiate a renewal . . .
>
> In a situation of world surplus and possible collapse, the minimum price is more significant than the maximum. The adherence of two new exporters, Argentina, a major exporter, and Sweden, as well as the United States, Canada, Australia and France, members since 1949, greatly strengthens the floor or minimum price in world trade. These six are responsible for 90 per cent of world wheat and flour exports.

On that basis, this agreement at least represents a floor price in general for approximately one-third or more of the amount of

wheat Canada will export, and therefore is beneficial to that extent. What farmers will do, however, under this agreement, if the continued effect of inflation wipes out even more than today the purchasing power of their dollar, no one can foretell. Since the farmer's bushel of wheat purchases today only 40 per cent of what it did when this agreement was first brought into effect, and since the trend is in the direction of higher and higher prices for the things the farmer has to buy, this agreement at the end of three years may well represent a minimum price serious to the preservation and maintenance of the agricultural machine within our country.

Canada and Australia today are the only two exporters in the world that subsidize neither wheat prices to their farmers nor export prices to their buyers. That is the reason that wheat farmers find themselves in the serious position in which they are today.

I should like the minister to tell the house and the country something of what the export situation from Canada of wheat may be expected to be during the months ahead. There has been some increase in recent weeks and months, but in considerable measure that increase represented the filling up of the world demand during the period when there was a material decrease in exports of wheat from this country. What is the actual amount of the carryover as of the beginning of this crop year? What is the expected and estimated amount of the wheat crop this year? The minister might also tell the house and the country what is going to be done to increase our share of the world market; for certainly the United States has in the past two years, by the adoption of policies which in part are a denial of the principles of GATT, had a considerable effect on our diminishing wheat markets and reducing Canada's share.

On August 2 the department of agriculture of the United States reported that during the past year its increase in exports of farm products had been very considerable, and that, other than cotton, which had declined very seriously because of conditions in Egypt and in Asia, the United States increased its exports of all farm products by approximately 26 per cent over the previous year. In fact, this was due to the disposal program authorizing the sale of surpluses abroad for foreign currencies, those currencies being used for economic development in the countries designated.

During the past year, the United States has increased its grain exports by 33 per cent. That indicates that the United States is taking over markets that were ours previously, that we have failed to keep abreast of.

This agreement in itself does represent something that is beneficial and is asked for by farmers everywhere in this country; but the wheat farmers of this country must not be allowed to have built for them optimistic expectations of markets being available during the coming year which were not open and available during the last year.

Finally, sir, I think that a great responsibility rests upon the free nations today to ensure that the surpluses which have been built up will not be wasted. The dangerous situation in the Middle East today makes it necessary that the free world have available surpluses, should the terrible consequences of a failure of negotiation plunge that part of the world, and possibly the whole world, into war. To that end, more than ever before, I think the United States should be made to realize that we in Canada view with deep annoyance the type of policies that the United States is expanding whereby, in a give-away policy, demand for wheat generally, paid for on economic terms, is being undermined. Up to the present time the United States has shown little interest in the objections raised by Canada to the policy that is being followed by that country. The United States eats its cake and has it too. It remains within the international wheat agreement and at the same time, outside of the wheat agreement, acts in a manner that constitutes a denial of the basic principles upon which that agreement is founded and can operate.

Second, outside the agreement but within the limitations imposed thereby, I believe that Canada must to a greater extent than has been the case in the last two or three years endeavour to expand its wheat trade generally in the world. Last year Japan purchased, as I remember, some 16 million bushels of wheat from Canada. The Japanese are good traders and they have proven in the past to be good payers. In order to build up our wheat trade in Japan and in other countries that have similar qualities, I believe that Canada, in order to preserve her international trade in wheat, will have to be prepared to make loans to such countries as Japan in order to provide the necessary funds so that Canadian wheat can be purchased by those countries.

Third, I ask the minister: What are the free nations doing to establish a food bank? Wheat does not deteriorate in storage to any serious extent. The international organization, F.A.O., has advocated such an instrument. It seems to me that a food bank cannot be secured under the United Nations. That being so, what consideration has been given to a food bank being set up by the

North Atlantic Treaty Organization, representative as it is of the free nations joined to preserve freedom?

Next, I ask what is being done to increase and expand our share of British trade. Mr. James S. Duncan, former president of Massey-Harris-Ferguson Limited, and now chairman of the dollar sterling trade council, set out in a recent issue of the *Farmer's Advocate* principles that I believe are necessary. He said:

> Unless Canadians awake to the necessity of preserving and strengthening their historical and traditional markets with the United Kingdom and the sterling area by increasing imports from them, the outlook for the long term sale of some of our primary products is not at all bright.

He goes on to say that if encouragement were given in Canada to an increase of even 10 per cent in the amount of imports from the United Kingdom that increase would in large measure remove the serious adverse balance of trade between Canada and the United States and would place the United Kingdom in a position where it would be able to purchase a larger amount of Canadian farm products. He went on to say:

> . . . we would not only ease our deficit with the United States but close the gap with Britain and enable it to buy more from us.

Would the minister say what is being done in that connection, for outside of the wheat agreement a very serious challenge faces the Canadian wheat farmer? What is being done to provide markets? Has any serious consideration been given to the establishment of a food bank? What attitude does the minister take towards loan advances to countries that require wheat, countries in which a larger measure of wheat trading can be expected in the years ahead, if at the present time a good trading relationship is established with them?

These are but one or two of the matters which in my opinion deserve the attention of the government. The new wheat agreement, providing as it does for only 100 million bushels of wheat, merely touches the outward fringe of a problem which has worsened in recent years. What will be done by the government to provide expanding markets for Canadian wheat? What are the expectations for the next year? Have the nations of the free world learned yet the need of maintaining surpluses against the possibilities of dark days ahead? After all, this is not a problem peculiar to the western provinces but one that affects the economy of the dominion, for if the western wheat farmer does not receive a fair and proper price for his wheat and a reasonable assurance of markets detrimental effects will come to all parts of Canada in a reduced demand for industrial and other products.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, since the end of the war in 1945 Canada has been selling a substantial quantity of wheat under long term contracts and agreements with other nations. The policy of participating in the international wheat agreement has been supported, advocated and promoted over the years by the farm organizations representing the grain producers. I think the farm organizations in Canada are an outstanding example of a widespread organization that advocates a responsible policy, an organization that has assisted in a very important and material way in formulating national policies for the disposal of the products with which they are concerned. If there is one single reason more than any other why we are today considering an international wheat agreement it is perhaps because the farm organizations of Canada have consistently supported an international wheat agreement. Whether or not the Minister of Trade and Commerce was right in February, when he suggested that unless some two-thirds of the world's wheat going into international trade were covered by a wheat agreement Canada should not be interested, only time will tell. The fact we have an agreement today covering a much smaller part of the world's trade in wheat being presented to this house for approval is mainly because the farm organizations have said they wanted an international wheat agreement, even though such international agreement might cover a relatively small part of the wheat going into international trade.

If one looks over the quantities of wheat that will be covered by this agreement and compares it to the other international wheat agreements in which we have participated in the past, one is almost forced to the conclusion that this agreement is not enough; that Canada will have to do some new thinking as to its wheat policy in the future; that governments throughout the world are going to have to bring forward some alternative to the policy now being followed. The reason is quite obvious. It is the fact that each successive wheat agreement that is signed covers a smaller and smaller part of international trade. The first international wheat agreement after the war covered 595 million bushels, and that was rather an effective agreement. The next agreement, the one just ended July 31 of this year, covered a much smaller quantity, 394 million bushels. The agreement today, if all listed countries had ratified, would cover an even smaller quantity, 302 million bushels. In his statement to the house the Minister of Trade and Commerce pointed out that there are 12 of these nations that have not yet signed the

agreement and the 302 million bushels is based on the assumption that they would. So we have an agreement that may cover less than 250 million bushels of wheat.

Of that quantity Canada's share is much less than 102 million bushels because our quantity is reduced in proportion. I am not certain, in view of our experience in the past, that we are likely to sell or export even that smaller quantity under this agreement. I have the figures here for the sales of Canadian wheat under the international wheat agreement through July 13, 1956, a couple of weeks before the end of the agreement. I do not suppose anything very material happened in the last two weeks. The figures show that for 1955-56, that is to that date, out of a total guaranteed export quantity for Canada of 153 million bushels, we had then exported something less than 75 million bushels.

Mr. Howe (Port Arthur): The final figure was exactly 75.

Mr. Argue: The minister says the final figure was exactly 75, so that means in the past year under the international wheat agreement, which said that Canada was guaranteed sales of 153 million bushels, we exported slightly less than 50 per cent of that quantity.

Mr. Howe (Port Arthur): I would point out to my friend that his expression "guaranteed Canada sales", is his and not mine.

Mr. Argue: I want to point out to the minister that that expression is the expression of the international wheat agreement wheat council in their regular publication, and I agree with the minister that when they say, "guaranteed quantities (export countries)", that name should certainly be changed based on experience.

The agreement we have today is perhaps important in that it indicates there is still a substantial number of importing countries that are prepared to sign an agreement. It is perhaps well to remember that the agreement was brought about after a long period of very difficult negotiations. I think as it now stands it should be a clear indication to this government, and a clear indication to our farm organizations and to the world, we are going to have to adopt new and different measures in the future if we are to have stability in the marketing of grain in the international markets of the world. As the hon. member for Prince Albert pointed out in his own statement and in the statement of others, this is a guaranteed floor price of $1.50 per bushel. I want to point out that even as a guaranteed floor price it is not nearly as significant as one might hope. It is a guaranteed floor price for a relatively small quantity of wheat related to the international markets of the world.

If the Canadian government passed on any such reductions to the wheat producers so that all the Canadian wheat producers would get for their grain was $1.50 per bushel, basis No. 1 northern Fort William, less all the cost of storage, administration and so on, it would spell a price to our producers in this country of about $1.20 net. This could do nothing but bring great financial hardship to the whole economy of the three prairie provinces. This agreement is of value, but it will not do the job of providing stability. One of the main stumbling blocks has been the attitude of the United Kingdom. As the greatest purchaser of wheat in the world her absence from the agreement has made the agreement much less effective. From what I have read, and I have done considerable reading as to the negotiations, I have come to the conclusion that Great Britain did not just stand out of the agreement and say, "You people go ahead and negotiate an agreement." She took an active role, and has indeed for a number of years, in opposition to this type of agreement. She has not merely, and this is very serious, stayed out of the agreement, but she has hoped that, by so doing, it would result in no agreement at all being signed.

I think when we are talking about commonwealth relations and commonwealth problems, people in high places in the United Kingdom should review their attitude towards the international wheat agreement because if there is going to be some give and take in international policy this is the place where the United Kingdom can give a real lead to the world. I do not think the role of the Canadian government is completely without blame. It is one thing to sign an international wheat agreement; it is one thing to sign contracts for the sale of wheat as we have done with a great many countries, but another thing is necessary and that is to see that the potential importing nations have the currency with which to buy our grain. Trade is a two-way street; we have heard that said many times. So far as the Canadian government is concerned in relation to the wheat trade, just as in relation to many other matters, they seem to think that trade is a matter of exporting Canadian goods without paying very much attention to the question of importing goods from potential customers.

One of the best things the government has done in recent months is to sign contracts with iron curtain countries for the sale of substantial quantities of Canadian wheat. That has been a good move. But, if such contract sales are to be repeated in the future,

if they are to be extended, then the government will have to consider making contract agreements for the purchase of goods produced in the countries that buy our wheat. If we say to the U.S.S.R., to Poland, to Czechoslovakia, and to the other countries that have purchased our wheat, we will sell you wheat, we will give you a good price but we will do little or nothing to buy the goods that you produce and wish to sell us, then the agreements that have recently been signed may indeed be the last.

We in this group have always advocated that the principle involved in an international agreement should be extended. We have never felt content with even the best international wheat agreement that the world has yet produced. We have said that the best type of agreement should be one within the United Nations itself, should be one to establish an international food pool to take care of surplus foods that are produced in certain countries so that those surpluses may be moved to the deficit countries.

While the Canadian government's attitude in relation to signing an international wheat agreement has generally been commendable, its attitude toward an international food pool, toward an international clearing house, has been indeed a bad one. The Canadian government, a government perhaps that should be more interested than any government in the world in establishing international control of food surpluses, has opposed on every occasion every United Nations move to establish an international world food pool, or an international commodity clearing house.

If we are to have stability in the sale of our grain in the future, the Canadian government's attitude toward a food pool must be changed. Somebody may say, well, of course, the falling off in the quantities under the international wheat agreement just shows that state trading, state management of exports to the world, cannot operate. I do not agree with that at all. If governments of the world were not taking some measure of control over the export and sale of grain we would have had a collapse in the market for wheat long ago. And if the grain officials of the United Kingdom, together with the Canadian Pacific Railway Company of this country, had had their way, we would have had the grain exchange opened for the sale of wheat in this country which, I am sure, a certain collapse in the price of wheat to perhaps less than $1 a bushel, and that, together with the Canadian Pacific Railway attack on the Crowsnest pass rates, if it had been successful, would have brought economic ruin to 200,000 wheat producers on the prairies. We are glad that the United Kingdom has not been successful yet—neither has anyone else—in getting the futures market, the speculative market, re-opened in Canada for dealing in wheat, and we are also pleased that nothing has as yet been done to change the rates covered by the Crowsnest pass agreement.

One of the most satisfying influences in the wheat picture in the world today has been our own Canadian wheat board. The Canadian wheat board has had to operate within government policy. They have not been able, because of government policy, to compete with the type of policies that have been adopted in the United States; and yet, circumscribed as the Canadian wheat board has been, they have done, in my opinion, an excellent job on behalf of the wheat producers in the assembling, the storing, the marketing and the handling of grain.

Some say that a government body cannot be efficient. I will tell you how efficient the Canadian wheat board is. The Canadian wheat board is so efficient in its administration that it has been able to function on behalf of the wheat producers of western Canada at a cost of five-eighths of one cent per bushel per year. Perhaps that has been the best investment the Canadian wheat producers have yet made in so far as the return they have obtained on their investment is concerned. The wheat board, within Canada, has been able to transfer from the international wheat agreement, and from other wheat agreements, certain stability to the Canadian wheat producer.

I was interested in a statement made the other day by the deputy minister of trade and commerce, Mitchell Sharp, when I asked him in the agricultural committee whether he felt the fact that we have a central selling agency in Canada for wheat made it possible for Canada to sign contract sales with the iron curtain countries. His answer, if my memory serves me correctly, was that certainly the fact that we had the Canadian wheat board made it much easier for the government to undertake such policies in the sale of grain.

We can talk about markets, and markets are necessary. One problem that has yet to be overcome, outside of the fields of markets in this country, is to deal with the question of a fair price-cost relationship for the wheat producer. Some may think that the Canadian sales of wheat in the last year have gone up to the point where everything is well for the wheat producers and the marketing of grain. There has been a substantial increase in exports of Canadian wheat, from some 251 million bushels a year

ago to about 310 million bushels in the crop year just ended; but this has been brought about, I feel, not so much from action by this government as by our participation in a generally expanding world market for the sale of wheat. Our sales have gone up. So have the sales in the United States. The United States sales will increase from some 274 million bushels a year ago to an estimated 330 million bushels in the crop year just ended. Our sales have gone up a substantial amount, but the sales of the United States have gone up by an almost identical amount.

If we are to be consistent in our policies for the marketing of Canadian wheat, I suggest that the whole question of stability should not, and must not, be confined to the sale of wheat on the international wheat markets. We must take the concept of stability right back to the local marketing point. I want to say that within the policy that has been followed within Canada in the last year the concept of stability, as far as quotas at local marketing points are concerned, has been thrown out the window, and in the last year we have had introduced the very rankest kind of inequality in the marketing of grain. The crop year that ended on July 31 saw approximately 50 per cent of the marketing points in this country at the relatively low quota figure of five or six bushels per acre. Within the marketing of grain in Canada there has been great discrimination, and without reason. No justifiable reason has yet been given for that discrimination. It is true that grain must be called out where the grades and types are available; but no one can tell me that the types and grades of grain available for market are confined by nature to marketing points along the C.N.R. and the off-grades of grain are confined by nature along the C.P.R. The fact is that the C.P.R. company has made a mess of supplying and allocating box cars. Because of its failure to comply with the requests of the transport controller it has cost grain producers living along side its lines tens of thousands of dollars. It is probably correct to say that the average producer living alongside a Canadian Pacific Railway point in western Canada had a quota of from five hundred to one thousand bushels less than a wheat producer living alongside a Canadian National Railways point. Certainly that figure is correct concerning farmers with farms of average or above average size.

I make a plea to the minister. The type of stability we consider when we are talking about an international wheat agreement must be extended so that stability is provided to the wheat producer in the marketing of his grain.

The second great need for stability is to stabilize the purchasing power of a bushel of wheat. Our economy is prosperous and people say at the moment our economy is booming. While the economy is booming, the wheat producer is afraid that unless something is done about his plight he may go broke. The price of grain has steadily been declining. The purchasing power of a bushel of wheat today is reported by experts to be less than it has been at any time in Canadian history with the exception of a two-year period in the early thirties. Therefore we need parity prices and the wheat producer says that as a first step in the realization of this we should have parity prices at least on the grain that is marketed in Canada. That is not adequate and it is not a complete parity concept but it would be a first step in that direction.

The next thing that is needed if we are to stabilize the grain economy is something that has been referred to so frequently in this house during this session that even I am convinced any statement on it would be out of order; but I want to say to the minister the issue dealt with this session for such a long period of weeks is just as important now as it was at that time a few months ago. The whole question of providing advance payments to producers for grain stored on the farm must be dealt with by the government and this problem must be solved if the wheat producer is to share in the general prosperity of this nation.

We suggest further an extension of contracts for the sale of wheat to countries other than iron curtain countries wherever that may be feasible. We also suggest we should be prepared to sign reciprocal trade agreements for goods purchased in countries which buy our grain. The government should be prepared to accept local currency wherever it is possible and grant by that means the credit that may be necessary to make sales of wheat possible.

In spite of the fact that this type of policy has been condemned and pooh-poohed in this house in recent weeks, I repeat that there is a substantial place in the international market for the provision of free wheat to needy nations to overcome hunger and to help overcome serious malnutrition.

Finally we suggest to the government that it should change its policy from one of opposition to an international food pool to one of support for this measure under the United Nations as the best method to deal with the problem of food surpluses in the world.

Mr. Low: Mr. Speaker, the hour is almost one o'clock. I do not want to ask for any

special consideration; however, I do not like getting started and then stopping when one o'clock comes.

The Acting Speaker (Mr. Applewhaite): Is it agreed that I call it one o'clock?

Some hon. Members: Agreed.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Solon E. Low (Peace River): Mr. Speaker, there has been a general agreement among the parties in the house that each would put up only one speaker to deal with the agreement now before us. Because of that fact I am sure we all welcome the opportunity of getting the measure passed and approved by this parliament, not because we feel it is of less importance than other things by any means but there are good reasons I think why we should not get into a long protracted debate on agriculture at this time although I must say that that subject is of such importance as to warrant almost continuous consideration until the great problems now facing the farmers of Canada are much nearer to effective solution than they are at the present time.

I am sure that if it were not for the general agreement among the parties there would be quite a number of other hon. members who would like to speak. I can mention a few in my own group who would ordinarily take part in this debate. The hon. member for Lethbridge (Mr. Blackmore) has indicated that he would have liked to say something; the hon. member for Acadia (Mr. Quelch) would certainly be taking part; as would the hon. member for Battle River-Camrose (Mr. Smith), just to name a few, and others. I am sure the same would be true of the other parties. However, the agreement has been made and we are going to stay by it.

The international wheat agreement which we are now considering will provide only a minimum of stability of wheat prices in this country, and for that matter in the world. Year by year the international contract has become less a factor in helping to stabilize farm income. However, little as it may mean, little as the stability that it provides today may be, we do welcome it at least as one means of helping to prevent complete chaos in the world wheat markets which I am sure would have developed before now if it had not been for the international wheat arrangement.

As other speakers have indicated, we are disappointed that the United Kingdom has not seen fit to become a party to the agreement. Some are inclined to blame Great Britain for remaining outside the agreement and perhaps carrying on year by year in the hope that she will be able to buy her supplies at a lower price. When one is inclined to be critical of Great Britain I think he should realize that since the war Great Britain has been fighting an almost impossible battle for her economic life. Because of that fact we should not be too critical of her.

I am quite certain that if our attitude toward buying British—when I speak of "our attitude" I am speaking of the Canadian attitude—since the war had been somewhat different, Great Britain's attitude toward becoming a party to the international wheat agreement might have been different. In fact I am inclined to believe she would have joined in the agreement. If Canada had shown more inclination to transfer some of her purchases to the United Kingdom I think it would have encouraged Great Britain to feel somewhat obligated to become a party to the agreement, but we did not.

Our Canadian people have got into the habit of buying from the United States and as a consequence we have built up a large trade imbalance with that country and we have left unpurchased from the United Kingdom many of the things which Canadians would gladly have bought if they had known about them or if the pattern of thinking and economic action had been somewhat different. So let us not be too critical of Great Britain. But as I say, we are disappointed that she is not a party to the agreement.

At the same time we welcome the fact that Argentina has seen fit to become a party. As one of the great wheat suppliers of the world, the fact that she along with other great exporting nations are parties to this agreement will, it seems, go far toward stabilizing the market for wheat, at least within the realm of the international wheat agreement.

I am disappointed of course that there are twelve nations still remaining outside the wheat agreement. Those are twelve importing nations and their imports would have made a difference to Canada's possible quota. I do not intend to go into this aspect of the matter as enough has been said already by the two speakers who preceded me to indicate that Canada's so-called guaranteed quota under the agreement will not be realized unless those twelve nations do come in. That in itself is a somewhat serious and disappointing factor. However, there is nothing we can do at the moment to force them to come

in, and we would not force them to come in even if we could. But, every encouragement should be given those nations to become parties, and if there is anything Canada can do in that regard we ought to do it.

Since the agreement we are considering provides only a bare minimum of stability for wheat prices, this government and this country must take steps to provide a greater measure of stability if that is possible, and I think it is. I think the farmers of the country have a right to their share of the national income, which they are not getting today. There is a wide disparity between what could be considered their fair share and what they are actually getting in relation to the farm population of Canada and the proportion of the total population which that represents.

We feel that where the farmers are not masters of their own destinies, where they have to bear the major weight of government policy in respect to tariffs and that sort of thing, then there is a responsibility upon the government to see to it that conditions are laid down under which our farmers can receive their fair share of the national income. Until they do, industry cannot make the progress it ought to make in this country. It must be remembered that there is a definite relationship between the buying power of the farmers and the well-being of industrial workers. As a matter of fact I think studies in the past have shown that as long as there is a fair balance between farm cash income, on the one hand, and industrial wages and salaries, on the other, there will be buoyancy in our whole economy, a minimum of unemployment and a maximum of well-being on the part of the people. Just let those two things get out of balance, by reason of a decline in farm cash income, let us say, and almost at once there is a dislocation of our whole economy and the first to feel that are the industrial workers. Unemployment then becomes a problem in the country.

From the economic point of view, neglecting entirely humanitarian aspects, it seems to me that the government is bound to take whatever action it possibly can take to see to it that there is a stabilization of farm income. One of the most important factors in that is stabilized wheat prices.

There are those in eastern Canada who are apt to say, "The farmer can turn to the production of something else; if he is not satisfied with wheat prices let him convert to another form of farming." I would draw your attention to the fact that a great portion of western Canada is peculiarly adapted to the production of one crop, and that is grain. There are large areas in the country which would require a tremendous effort to turn to the production of anything else, and then there is no guarantee that that would be successful. Climatic conditions and soil both contribute to the success of the one crop.

If we can specialize in certain areas of our country in the production of grain to feed the people, not only of our country but of the world, that is the kind of thing we ought to do. Western Canada is best able to produce grain crops and it would be difficult to convert to other forms of agricultural production. Markets might be just as difficult to stabilize if a greater production of other commodities was encouraged. So I say that the government does have a responsibility to make a continuing and intensive study of this whole matter with the idea of introducing every possible means of stabilizing farm cash income. As I said, one of the major factors in doing so would be to stabilize the price of wheat.

That is one aspect of it. There is another aspect, which is this. During the war and for some years after the war, the farmers of western Canada did accept a lower price for their wheat and other grains than could have been expected if they had been free to market anywhere in the world and take what they could get. I do not think there is any question about that. It has been variously calculated that the farmers lost from $300 million to $500 million under the ceiling prices that were imposed upon them. They accepted those ceilings, but they accepted them on condition that the government would keep its promise, and the promise given by this government was that if the farmers would accept a lower price for their products during the war, the government would stand behind them after the war in stabilizing prices over a long period. I say that it was a definite promise; there is no question about that. One could cite the speech of the prime minister of Canada of the day, Mr. Mackenzie King, who made that promise in unequivocal terms. I say that the farmers have looked in vain for the fulfilment of that promise. They are justified in expecting that the government will see to it that everything is done to stabilize their prices.

What are some of the means by which they can stabilize grain prices? I think it has already been put before the house in different forms and at different times, but let me repeat briefly that I think there is a great virtue in the two-price system. Those of us who do not support it are missing one of the best bets so far as the stabilization of farm income is concerned.

The two-price system can best de described by simply saying that it includes an internal price based upon parity and an external price based upon the best you can get by negotiation and what you can get under contracts such as the international wheat agreement or bilateral contracts such as have been made with Russia and other countries.

With regard to the question of internal parity, every bushel of wheat that is supplied by the farmers to the bakers and the other consumers of Canada ought in fairness to carry with it a parity price. There is no argument whatsoever that can change my mind about that point. A parity price means to me a price that bears a fair relationship to the price the farmers have to pay. There are those who say that that would necessitate perhaps government subsidies. What if it did? The government subsidizes industry in practically every form through the tariffs; it subsidizes labour through labour codes, unemployment insurance and other things. It seems to me that the forgotten man of this country is the farmer, who has to sell for what he can get and pay the cost of freight both ways, on what he sells and on what he buys.

I say that there is no real, valid argument against establishing a parity price for all of the farmers' wheat that is consumed in Canada. There are those, of course, who claim that if we should establish parity prices, and an internal parity price for wheat, we would be forcing the Canadian people to pay a higher price for bread. Let me examine that for just one moment. I doubt it very much. The price of wheat has a relatively small influence on the price of bread. Investigations made during recent months show that since 1945 and 1946 the price of bread has more than doubled in its average across Canada. The 24-ounce loaf now sells for an average of something like 21·2 cents in the major cities of Canada. That is something more than twice what it cost in 1946. At the same time, the farmer, since 1946, has received very little more for his wheat, and the bakers admit that what little increase there has been in the price of wheat is not reflected at all in the price of bread.

The major factors affecting the price of bread are the price of labour in the bakeries and in the mills, in the concerns that make up the paper and all the other things that go into the packaging and marketing of bread; the cost of marketing and the cost of transportation. Those are the things that affect the price of bread. If the farmers of Canada were to be guaranteed a parity price for their wheat internally, it would affect the price of bread very little, if any. Even if it did, I am satisfied that every Canadian citizen would be glad to take care of that small increase in the price of bread as a means of ensuring that the farm cash income is kept at an economic level, a level that will guarantee the farmer a fair return for his labour and a return on the investment he has in this country.

So I do not hesitate for one moment to agree with those who claim that the best way to start guaranteeing stabilization of price is to establish an internal parity price system for the farmer. It would be easy if the farmer had complete control of his own product and could keep it under his control and sell it under his own agencies. Then he could set his own price and perhaps could achieve his objective without government help. But the government of Canada has undertaken to market the farmers' wheat under the Canadian wheat board and, having done so, it seems to me it has a certain amount of responsibility to see to it that something is done to stabilize wheat prices for the farmer.

The second feature, as I said, of the two-price system is the best external price we can get by negotiation and contract. That is what we have been doing, of course. We have been accepting what we can best get in the external market. The international wheat agreement and contracts between nations do add somewhat to our ability to stabilize prices even externally, but there is one thing that we must do, and that is to give credit to the Canadian wheat board for whatever stability there has been in external marketing. I think it has done a good job and the farmers of western Canada appreciate the wheat board. They would not want to go back to the old open market system of marketing, with the dealing in futures and gambling that went on over the years. The farmer was the victim, and the farmers do not want to go back to it, generally speaking. There may be some who would like to see a change, but they are in the minority. So far as we in this corner of the house are concerned, we certainly go along with the farmers when they say, "Let us keep the wheat board and give it every support."

As I have said, the wheat board has contributed to whatever stability we have been able to achieve externally in the marketing of our wheat, so long as it has kept itself free from the imposition of government policy to the contrary. There have been times when that has happened, and the wheat board's work was made ineffective. As long as the government allows the wheat board to conduct its own affairs as it considers best, I am sure that it will continue to get along well as it

has in the past. We stand by that two-price system and we feel that it would not be any great task to adopt it as a policy, and particularly to see to it that the internal price structure, so far as farm products are concerned, is based on parity.

Another important thing that would contribute, I think, to the stabilization of wheat prices would be a realistic trade policy in which we would recognize this very important principle: Nations of the world which may want to buy our wheat can only do so if they can get Canadian dollars or Canadian credits with which to make the purchase. That is basic and fundamental. It is simple. Consequently, if we expect Britain, India or any other country to buy Canadian wheat we have got to be prepared to buy goods in those countries and supply them with the dollars with which they can make their purchases here. We have failed in that respect in the past, and somehow or other we have got into the frame of mind where we look upon American dollars as the only criterion.

Mr. Fulton: The almighty American dollar.

Mr. Low: The hon. member for Kamloops has just interjected "the almighty American dollar" and I think you can perhaps very easily call it that. I think that is perfectly true. It seems to me, Mr. Speaker, that we have let the tide carry us. We have not started swimming against it as yet, and in government policy particularly we have been too inclined to be rushed off our feet by that American dollar and the hope that we will be able to keep in well with the powers that be in the United States.

I think we must revise our whole trade policy. It must be based on the two-way street idea. We must be prepared to purchase more in the United Kingdom than we are purchasing. Everything should be done, it seems to me, to encourage the Canadian people to get into that frame of mind where they are prepared to call for things British. Britons produce quantities of excellent goods that Canadians would buy if they knew about them and if their minds and desires were directed in that channel. It has been calculated, Mr. Speaker, that if we were to divert between 7 per cent and 10 per cent of the trade we now carry on with the United States into European channels, more particularly British channels, we could balance our trade all the way around. That should be the objective, and I think that is what we should aim for.

One of the things, of course, that Great Britain would want to know is whether, if they bought Canadian wheat, if they should purchase the 120 million or 130 million bushels which they annually buy from the west, we would in very deed buy British. There is one way they could be sure that we would buy part of it and that is for them to say that they will be prepared to pay pounds sterling for at least a portion of the wheat and agricultural products they buy from us if we are prepared to accept those pounds sterling and use them for purchases in their country when and if we want to buy them, and that under such a condition they will go ahead. I am satisfied that Great Britain would find that to her advantage and so would we.

A few years ago we put forward the idea of accepting sterling at least in part for settlement of our trade balance with Britain and it was turned down in this house. However, I am very glad to see that the hon. member for Assiniboia (Mr. Argue) and others have changed their minds.

Mr. Argue: We have not. We have favoured that for years. You just had a lot of funny money in that resolution.

Mr. Low: I think you had better read the record. There was absolutely nothing about funny money in the resolution. My hon. friends have changed their minds but they do not like to admit it. They try to deny it.

Mr. Fulton: They changed their minds at Winnipeg last week.

Mr. Sinclair: They are just Liberals now.

Mr. Low: Not only that, but oftentimes they change their principles.

Mr. Argue: You would not need to worry about that. You cannot change what you have not got.

Mr. Low: I think one of the important things in life—

Mr. Argue: Get back to the agreement.

Mr. Low: The hon. member for Assiniboia would like me to get back to the agreement.

Mr. Argue: And away from the thing that you have not got.

Mr. Low: It is distasteful to him to be reminded of the fact that he was one who voted against the acceptance of sterling.

Mr. Argue: Just the funny money.

Mr. Low: It is not funny money. It was sound money. My hon. friend then goes out into his constituency and all over Canada and preaches the doctrine of acceptance of local currencies, as he said today, and he does it whithout a blush. If anybody asks him out on the hustings what stand he has taken over

the years he says: Prove that I have taken any other stand. Well, we can prove that he has.

An hon. Member: We still do not like your funny money.

Mr. Low: All right, you have your right to that but certainly stick to the truth about this matter. As I said, I am very glad to see the hon. member for Assiniboia and his party now advocating that we introduce into our marketing system a measure of acceptance of local currencies as one of the guarantees that we will buy from those countries. I think that is an indication of an increasing measure of unanimity of thinking amongst the farmers of western Canada. I like to see that. As a matter of fact, it is surprising how much unanimity there is and it is interesting to note that as the farmers of western Canada take their position the political parties in this house also take their position in conformity with what the farmers are asking. I support all that because I think it is an indication that we are beginning to get somewhere, and if we would be big enough to put away from us a lot of foolish, political considerations—

An hon. Member: Page the hon. member.

Mr. Low: —I am satisfied that we could achieve the thing for which we are working. But as long as we have groups who talk one way in the house and go out in the country and talk another we will never get anywhere in achieving the aim towards which we have been working for years.

The question of disposal of real surpluses also arises. I do not agree that there are world surpluses of wheat. I am satisfied that every bushel of wheat we have in our stockpiles, both in Canada and the United States, would be purchased and used if the nations that need that wheat had the purchasing power with which to buy. Both Canada and the United States have a problem in the marketing of surpluses—not above what the people need but above what the people can buy. These are real surpluses. The disposal of surpluses has become a difficult problem and it is time that the nations got together and reached some form of agreement on an orderly system of disposal of surpluses.

The best proposition in that regard that I have yet seen advanced is the international commodity clearing house that was advocated some years ago by the food and agriculture organization. I understand they still think that would be the best way of disposing of surpluses in an orderly maner, because unless some such arrangement is adopted you will find that the nations will go out in an effort to try to beat each other, a dog eat dog system, give-away programs of every description, with the consequent dislocation of legitimate markets, and it seems to me that something should be done to get away from these undesirable features as early as possible.

Under an international commodity clearing house real surpluses of wheat could be disposed of through one international agency, and it seems to me it would have much the same effect in the international field as our Canadian wheat board has in our domestic field and it could be just as effective. Of course, the matter of how to finance it has been the important question, and some years ago our Canadian representatives turned down the proposition chiefly, I think, because of the fact that the fellows back home in the cabinet did not give them any support or encouragement on the financing angle. But it is still a legitimate suggestion and should be worked on as soon as we can possibly get down to it. In fact, it should be a continuing study.

There is one other point I should mention. We have got to be more realistic now than we ever have been before because of the adoption by Russia or her economic policies of aggression. There is no telling what will happen in future years even in wheat marketing. Russia is capable of producing tremendous quantities of wheat, and if she should enter into an aggressive campaign of wheat marketing who knows what she could do to the world wheat market and prices? We have to be prepared for that day. We will have to do everything we possibly can to help the farmer cut down his costs, and that means re-examining our whole domestic policy, taxation and financial policy. It seems to me we cannot leave it very long because Russia is making tremendous progress and we have to be prepared for what she may do.

With regard to stabilization, Mr. Speaker, we must remove the discrimination under the quota system. I think the minister has heard enough in this house during the past two years to convince him the farmers of the west are not satisfied with the present method of allocating shipping to the various points in this country. What happened in the committee this year should have impressed him and the government with the need for some new method of providing box cars and shipping space for the farmers so that the quotas could be realistic and so that we could remove the discrimination that now exists in the quota system.

One other point to which I believe we have to give consideration is that we shall have

to think in the future in terms of having a carryover of no less than two years' production of wheat in this country. We have progressed to the point now on wheat farms where, through efficient machinery and the large scale of our farms, the farmers are able to produce much more wheat. As a consequence we are not going to get out of our present position of surpluses for perhaps years to come. Certainly I would not want to sit back and hope we would get a drought or something of the kind to cut down on our surpluses. I believe it would be more realistic to think in terms of the provision of approved storage on the farms and with provision for an advance to the farmers for their wheat stored in such storage. Only by all of these means can we alleviate the situation and help stabilize wheat prices, and particularly farm cash income, a thing which is important to the economy and well-being of our country.

Mr. Deputy Speaker: If the minister speaks now, he will close the debate.

Right Hon. C. D. Howe (Minister of Trade and Commerce): It is not my intention to take up too much of the time of the house, but I think perhaps a few words are indicated by the remarks that have been made on this resolution. In recommending the resolution the government believes it is making an important contribution to the well being of our western country. On the other hand, statements have been made here that I think rather overemphasize just what the agreement can do. It has been suggested that the agreement guarantees a minimum price for wheat. Well, that is hardly true. This year the sales registered under the international wheat agreement were less than 25 per cent of the total sales. We must remember that no one is obliged to purchase wheat under the international wheat agreement unless we offer wheat at the minimum, which last year would have meant offering No. 1 northern wheat at $1.55 per bushel and this year would mean offering No. 1 northern wheat at $1.50 per bushel. Well, I would not like to be pressed into the necessity of offering wheat at those prices with any belief that the member countries of the wheat agreement would take up the wheat. There are physical difficulties of storage in the way, among others; and therefore I have never been prepared to suggest that the wheat agreement is a guarantee of a minimum price. Perhaps it contributes to that end, but the guarantee simply is not there.

The great advantage it seems to me is that through the international wheat agreement the exporting countries and the importing countries are brought in to a meeting at frequent intervals to discuss the marketing of wheat, the price and the conditions under which exporting countries sell to importing countries. I believe that is very valuable. We have established the fact that importing and exporting countries believe that for the next three years a price range of from $1.50 to $2 is a reasonable price range and we are not likely to be pressed by any country to move either below the minimum or above the maximum. As a matter of fact, regardless of our situation that more wheat is sold outside of the agreement than within the agreement, we have been able to maintain remarkably stable prices for Canadian wheat. The present price is $1.75 in gold dollars and the only periods in which the price has been below $1.75 were periods when the Canadian dollar was selling at a substantial premium. On the other hand, the maximum price has not exceeded $2, even at times when wheat was in short supply. Therefore, we have maintained price stability over a number of years, and I think the wheat agreement has contributed greatly to that end.

In spite of the rather pessimistic statements about the condition of surplus that we have in this country, resulting from a series of crops unprecedented in size, we have been making progress towards reducing our surplus. The crop of 1954 was merely an average, perhaps a little less than an average crop, and in that year we reduced the carryover of wheat by something over 100 million bushels. The crop of 1955 was the third largest crop we ever grew, and during the past year we have disposed of just about the equivalent of that crop. The actual figures will not be known until the bureau of statistics brings in its report, but I would say that whereas the crop was about 500 million bushels the disappearance of the crop will just about equal that figure. Therefore over the past two crop years, one of which witnessed a normal crop and the second a bumper crop, we have reduced the carryover by about 100 million bushels.

This year should cause us no great concern about marketing problems. In spite of a slow start, and in spite of the pessimistic view that was taken of the situation just about a year ago by so many people, both in Canada and abroad, the crop year 1955-56 ended with a most gratifying record of sales, exports and farm deliveries. This has been the third largest wheat export year since the war years. In order to find a large year we must go back into the 1920's and I think the year 1928 was perhaps a larger export year. This would be certainly no worse than the fourth largest export year.

New all-time records were established for shipment of grain through Halifax, Saint

John, and the port of Churchill. For exports of wheat as a whole, 1955-56 was one of the better years in our history. The figures are not yet final, but the annual total seems to have reached 310 million bushels. This is an increase of about 56 million bushels over the previous year, or better than a 20 per cent increase. This high level was reached in spite of intense competition, particularly from United States surplus disposal program. It was reached by sound marketing methods without having to resort to gifts, special currency transactions or anything of that nature.

I wish we could dispose of the idea that the printing on a piece of paper determines whether Canada can or cannot sell wheat. It has been suggested that if we took pound notes for wheat instead of dollar bills we would sell a lot more wheat. I have stated on many occasions that no one would pay us in pound notes for wheat. Britain does not want her pound notes spreading around the world and turning up later to interfere with national balances. I am certain that if we offered wheat to England for pounds she would say, "why will you not take dollars?" Britain prefers to pay in the currency of the country with which they are dealing. No hon. member seems to believe that except those who are actually doing the export business. I would defy anyone to find an exporter who would say he could do business in England by taking payment in pound notes that he cannot do by taking dollar bills.

Mr. Low: Why did the United States feel that they could accept local currency?

Mr. Howe (Port Arthur): The United States does not take the local currency home. They accept payment in local currency and then lend that currency back to the country.

Mr. Low: No one suggested that we bring it home.

Mr. Howe (Port Arthur): We are not rich enough to sell all our wheat to England for pound notes and then lend the same pound notes back to Britain, without interest, for a long period.

Mr. Low: Does the minister say we are not rich enough to be able to finance the sale of 150 million or 200 million bushels of wheat to Great Britain? He has not any faith in his own country.

Mr. Howe (Port Arthur): We are able to finance anything internally. I point out that the United States is a creditor country and Canada is not and that fact makes a considerable difference in the point of view on external loans.

Early in the last crop year I expressed confidence that western farmers would be able to deliver as much grain as they had delivered the previous crop year. In fact, they were able to deliver over 540 million bushels of grain, which is 40 million bushels more than the previous year. Preliminary figures indicate that wheat deliveries were 340 million bushels against 300·7 million bushels in 1954-55, and that deliveries of other grain has amounted to 203 million bushels against 196·3 million bushels in the previous year. Once again deliveries by producers have been larger than deliveries which might have been expected from an average crop produced in the prairie provinces.

These satisfactory results are a tribute to the work of the Canadian wheat board and the transport controller and to all those who helped in the marketing and the transportation of the Canadian grain crop under very difficult circumstances.

It has been suggested that we are not getting our share of the British market. The British market is not controlled by the government; it is a free enterprise market. We sell in Britain to the grain trade. I noticed that the hon. member for Assiniboia was less bitter about that fact at this time than in his previous speeches. I take it that his present mildness is a repercussion from the Winnipeg convention.

Mr. Sinclair: Pale shadows of the Liberal party.

Mr. Howe (Port Arthur): As a matter of fact, our sales to the United Kingdom have increased considerably in the past year. The increase has been largely in the field of agricultural products. Canada has gained a larger share of the United Kingdom market than was ours before the war. Of the major farm products which the United Kingdom has freed from restrictions we now supply over 60 per cent of the United Kingdom market for wheat as compared with 30 per cent in the prewar period. Similarly, we supply over 80 per cent of the United Kingdom market for flour as compared with about 50 per cent in the prewar period.

Mr. Fulton: What do we take from them?

Mr. Howe (Port Arthur): Our share of the United Kingdom market for barley has increased from 23 per cent prewar to 70 per cent in recent years.

Mr. Fulton: What do we take from them?

Mr. Howe (Port Arthur): We are fully aware that the best way to expand our trade with the United Kingdom is to enable the British people to increase their dollar earnings by developing their sales in Canada. In this connection, I am happy to note that in the

first four months of this year United Kingdom exports to Canada have increased by over 30 per cent to record levels, and that this appears to be a continuing trend.

It is often asked, why does the government not balance our trade with England? I point out to hon. members that Canada has a free economy. Every member of the opposition can buy where he likes. If he would like to buy in England it would help us greatly to balance our trade with England. The government does not control the flow of trade. It is a matter of individual preference, and I hope it always will be. It may not be if we get in great balance of payments difficulties. We have had occasion where we could not permit the flow to go unchecked. However, if people who talk about balancing our trade with England were sincere about it I think the buying pattern of the Canadian people could be quite different.

Mr. Diefenbaker: Was J. S. Duncan not sincere in his article?

Mr. Howe (Port Arthur): I am sure he is. I do not know where J. S. Duncan buys his household effects, but I have never noticed any outstanding preference for products from England.

It is quite a simple matter to talk about more trade with England. My hon. friend knows as well as anybody in this house, because he talks more about it, that to have something done about it involves a great wave of enthusiasm through the country. Even then, you are faced with difficulties. You have to worry about the availability of foreign goods. Someone asks, why do we not balance our trade with Russia? Well, we are selling a good many dollars' worth of wheat to Russia at the present time. We sell other things to Russia. To the best of my knowledge Russia has never offered anything in this market. Until Russia is prepared to offer goods here how can we balance our trade with Russia? It is quite impossible. No sane economist would suggest that it is possible to balance our trade with every country with whom we trade. For instance, in our trade with Venezuela we import about $130 million worth of goods from that country and we export to them $30 million worth. We do our best to balance that trade, but in spite of our best efforts we have never been able to do so.

Mr. McCullough (Moose Mountain): Why do you not take some of the tariffs off British goods, particularly textiles?

Mr. Howe (Port Arthur): The tariffs on British goods are very low, indeed. I think 60 per cent of all the goods that come in from England bear no tariff.

Mr. McCullough (Moose Mountain): There was a $500 dumping duty on English cars.

Mr. Howe (Port Arthur): No, there was never any dumping duty charged on English cars. Please do not repeat that remark again. I noticed your speeches, but no dumping duty was ever charged on British cars coming in.

Mr. Argue: You told them it would be, or else.

Mr. Howe (Port Arthur): You told your audiences there was.

Mr. Sinclair: You make that speech down in Windsor.

Mr. Howe (Port Arthur): We read those speeches; we do not feel we have to answer them all.

Mr. Fulton: We had better follow this up on the estimates of the Department of Trade and Commerce.

Mr. Howe (Port Arthur): I would be very glad to have you do so. Then we would be able to answer such statements.

With respect to the world food bank, we attend all the meetings that discuss the world food bank and the great international programs for disposing of world surpluses of food. If an idea would ever come from those meetings that has any basis of practicality whatever, we would be delighted to consider it. We read the speeches that are made there but we have never seen any practical plan for a world food bank that could carry anyone's judgment. As a matter of fact, it never has carried anyone's judgment so far as I know, except possibly the judgment of the delegates who attend the convention.

There are no storage facilities anywhere in the world to hold such a world food bank. We think the place for a world food bank is in the countries that produce the food, and we have maintained here in Canada a food bank of wheat that we would be very glad to supply, in case the FAO should decide that it is needed in any particular part of the world. We have here one of the greatest food banks in the world. It is a great oratorical feat to say that someone should start a world food bank. The hon. member for Prince Albert can make the rafters ring with that remark, but some time or other he should perhaps explain just what it is he has in mind.

Mr. Diefenbaker: Sir John Boyd Orr was able to describe it.

Mr. Howe (Port Arthur): He is the one man; he has had his share of publicity over it and so has my hon. friend.

Mr. Argue: You are going to have your share now.

Mr. Howe (Port Arthur): But I think we can—

Mr. Argue: You have not got a Nobel prize yet.

Mr. Howe (Port Arthur): —look back on a year of reduced surpluses. I am happy to say we are moving into the new crop year with more sales than we ordinarily have on the books at this time of year. I believe that next year is going to be as good an export year as this has been. I also believe that production in this country is not always going to keep up to the quantities of the last five or six years.

I cannot be one of those people who worry about carryovers and hope for poor crops. I hope we will always have good crops but my experience tells me that we will not always have bumper crops and one more poor crop such as we had in 1954—although that was not a poor crop, perhaps just an average crop—but one more crop of that kind will make this surplus look like something we had better preserve instead of something we had better worry about.

Mr. Fulton: While the minister is in this expansive mood I wonder if he would care to tell us what he thinks of Professor Underhill's speech?

Mr. Howe (Port Arthur): I did notice that he said something about there being too many old men in government; but I also notice that the old men who have cracked up during this session of parliament are not members of the present government.

Mr. Diefenbaker: They take their responsibilities more seriously than the government does.

Motion (Mr. Howe, Port Arthur) agreed to.

ROYAL CANADIAN MOUNTED POLICE ACT

AMENDMENTS RESPECTING SUCCESSION DUTIES ON PENSIONS AND ALLOWANCES, TIME COUNTED FOR PENSION, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 446, to amend the Royal Canadian Mounted Police Act.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I do not think there is any need for any extended remarks on this bill. There are certain things that should be asked about it in committee but I want to make one observation concerning it and that has to do with the position of the members of the force who have already retired.

[Mr. Argue.]

I am not going to make these remarks at any great length but I do want to express the regret of hon. members on this side for the fact that when an opportunity presents itself, as it has in this bill when we are amending certain pension regulations, the government did not take the opportunity to increase the amount of pensions paid to those members of the force who have already retired.

I am not going to accuse the government of a lack of sympathy because I suspect they are just as human as we are, but I do accuse them of neglecting the opportunity which should be taken to make an adjustment in the pensions of those who have retired. A great number of these individuals whom I know are up against a great hardship at the present time.

When we think of the service those members of the Royal Canadian Mounted Police have given to this country in pioneering the west and enforcing law and order in the west, not by force of arms but by the force of personality, reputation and character, when we think of those very splendid men who have carried the tradition of this force throughout Canada and have in fact in very large part enhanced the reputation of Canada as a whole, and then realize the condition of poverty and the narrow financial circumstances in which they have to pass their last years, then I think we are justified in saying to the government that they are doing a very grave injustice to these retired members of the Royal Canadian Mounted Police in that they are not making a revision of the pension rates in respect to those who have retired.

I realize that the bill before us is concerned with pension revisions for those who are now in the force and who will retire in the future, but I hope it will not be more than one year from now, in the session to come, that the government will introduce legislation making an adjustment in the pension rates for those who have already retired. If the government will not do it, I assure them there will be a change of government and the new government will do it.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am going to be quite brief in speaking on behalf of this group. For some inexplicable reason we find ourselves in support of the views expressed by the hon. member for Kamloops (Mr. Fulton) and think there is no necessity to lengthen this debate.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, first I want to say a word with regard to the views expressed by my friend

the hon. member for Kamloops (Mr. Fulton). I think his words were very timely and proper.

I have known members of this force for a great many years and I have seen them in action since the days when they were the Northwest Mounted Police. My father commenced to teach school near Fort Carlton in 1903 when the memories of the rebellion were still very fresh in the minds of those who had served.

Very few, if any, of those who served in the rebellion are still living although I believe there are three or four. However, many of those pioneers were discharged in the period from 1900 to 1910. The amounts they receive as pension are not in keeping with the service those men gave in preserving for British America the western plains. I remember old Lieutenant Colonel Sam Donaldson, a former member of this house and one of those who made the trek in 1874; I remember also men like Sergeant Dorion and Sergeant Pook, both of whom served in the rebellion.

When things were dark these men served and, as the hon. member for Kamloops said, they maintained law and order to a degree that few of us realize today. They did it by force of personality, by the tradition that the force had built up and above all by the ability of that force to attract to it the finest young specimens of manhood not only from Canada but also from the United Kingdom and to a lesser extent from France.

These men have no way to press their views before parliament. I do think that in appreciation of what they did we should not put them in the position many of them are in today of living in a state of near destitution. There are not many of them left; the old guard of the Northwest Mounted Police is practically gone. The cost of raising the pensions of those who were discharged before the new act came into effect would not be great. They are not legion but they are representative of a tradition and a service that deserves the highest appreciation from the Canadian people.

I join with the hon. member for Kamloops in asking that at the next session of parliament the pensions of discharged veterans of the Northwest Mounted Police—I like to think of them as that; they were later called the Royal Northwest Mounted Police and finally the Royal Canadian Mounted Police—be brought up to a fair and reasonable level.

Secondly, I want to say a word for those who are serving today. There are many retirements at the end of 20 years' service because these men are able to command considerably more money in civil life than in the service of this country. They realize that the state cannot compete with private industry. I submit that at the earliest possible date reconsideration must be given to raising the rates of pay of the members of this force. In the early days of Canada the police received 50 cents a day and certain allowances. We have gone far beyond that as the years have gone by, but the increase has not been in keeping with the responsibilities and the need for maintaining the force at its present high level. Commissioner Nicholson has come up through the ranks to his present high post and is one of those who represent the finest traditions of this force.

I do not often ask that expenditures be made by the government, but I do believe that if the Royal Canadian Mounted Police is to be able to maintain in the years ahead the great principles embodied in its motto there must be a fair and reasonable increase in the pay and allowances of those now serving. The result will be that in recruiting for this force the state will be able to mobilize the best men possible and will be able to keep the good men when their period of 20 years' service and the like is terminated. Those men will not be as subject to the magnetic attraction from outside forces.

I do not intend to say more as the Royal Canadian Mounted Police needs no special advocate. Knowing what they have done, knowing of the unequalled service they have given to Canada, I think we all appreciate their work.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, I should like to concur in what has been said by those hon. members who have spoken and to point out the absolute necessity for an increase in the pensions of these men. I should like to give the particulars of one case. A former member of the R.C.M.P. who is 66 years of age and who spent 25 years with the force is in receipt of a pension of $91.25, which incidentally will be discontinued at his death because there is no widow's pension. An amount of $7.65 is deducted in Ottawa for health insurance; his municipal taxes cost him $9 per month; he pays $10 per month for electricity and $4.41 for his telephone, or a total of $31.06. That leaves him exactly $60.19 per month to feed and clothe himself and his wife.

I think it is a sad state of affairs when a man who has served the Royal Canadian Mounted Police, a force which has such a tremendous reputation not only here but all over the world, should be forced to live on such a miserly pension. Surely the service which this man and others like him have

given to this country entitles them to a larger income than their present pensions provide. I go along with those who have spoken already in asking the minister to consider the advisability of increasing these pensions in order to provide these men with at least a moderate living.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, my only purpose in speaking is to clear up the record of this discussion because I am afraid the ordinary reader of *Hansard* would get a somewhat mistaken impression from the remarks of those speakers who have preceded me as to the pay and pension rates of the mounted police.

Mr. Churchill: What if they stopped reading at that point?

Mr. Garson: They would still get the wrong impression. I am trying to provide another chapter from which they would get the right impression. Listening to the hon. member for Prince Albert (Mr. Diefenbaker) one would almost get the idea that my attitude toward the mounted police is that of a Simon Legree. The hon. member for Prince Albert has been a member of this house for a good many years and I am sure he can recall more than one occasion on which I have brought into the house measures to provide for increases in the pay and allowances and pensions of the mounted police, which I am glad to say no member of the opposition has ever opposed in any way.

By and large we have had increased pay and allowances for the mounted police on more than one occasion in recent years. I am not claiming any particular virtue on our part for doing that. We had to do it in order to get our enlistments. In other words, when we are in a state of great prosperity as we are at the present time the Royal Canadian Mounted Police as an employer must compete against other employers in the country and must provide pay and allowances which compare favourably with those paid by free enterprise.

With regard to the matter of pensions, I am sure that all hon. members who have preceded me in this debate realize that increasing mounted police pensions for those who have already retired is indissolubly bound up with the pension position of retired members of the civil service and the armed forces. The hon. member for Prince Albert has said that the number in the mounted police who would be affected would be quite small in relation to the civil service, but I am sure that if he approaches this matter with the slightest degree of realism he will know that it is quite impossible to raise the vested pensions of one group of the civil service already on pension as compared with another group.

Mr. Diefenbaker: Are they civil servants?

Mr. Garson: Yes, in the sense that they are paid with the taxpayers' money. I am sure that there are many cases of civil servants who have retired with quite modest pensions. My hon. friend has been in the opposition for a good many years. Should he become a member of the government with a government member's responsibility, he would realize then if he does not realize now that you cannot pick and choose in your treatment of those who are paid with taxpayers' money. If you are going to increase the vested pensions of one group you must be prepared to increase the vested pensions of all.

Mr. Fulton: You be the trail blazer.

Mr. Garson: So far as the Department of Justice is concerned, and so far as I as the minister in charge of the Royal Canadian Mounted Police am concerned, I have no objection at all to occupying such a role of trail blazer; but the government as a whole and the Department of Finance may have different views in these matters.

I must say in all fairness that in their attitude towards both pensions and pay and allowances they have been, I think one can say, quite generous.

There is another factor in connection with the pension of the members of the Royal Canadian Mounted Police. That is that the work which they do is such that they have to be in the very best of condition mentally and physically. For that reason it is always the practice in all police forces to retire their members at a considerably earlier age than members of the civil service are retired. When they are thus retired, on a basis of actuarial equality with members of the civil service, they will not get as large a pension as the civil servants, but they will get it earlier in life when they retire.

In most cases there will follow a period of some considerable time during which they will be able to supplement that pension, or perhaps it would be better to say that that pension will supplement the not inconsiderable amount which they will be able to earn from their own efforts. We have had many cases in which police forces of this country have been very glad indeed to take on as their chiefs of police high ranking members of the R.C.M.P. For example, if I am not mistaken, the chief of police of Edmonton at the present time and the chief of police of Vancouver are former Royal Canadian Mounted Police officers who have been retired by us and are on our pension. They are

obtaining from these other services a salary, I am sure, greatly in excess of our pension. When each retires from his present employment, he will receive two pensions, one from us and one presumably from the force to which he has gone.

Apart from these points that have been raised, I am sure that the purposes of this bill and the explanatory notes are so clear that for me to spend any more time on them would be to take up to no purpose the time of the committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Regulations.*

Mr. Fulton: I am not going to repeat the debate we had on second reading except to make it clear that we do not agree with the implications of the minister's statement that the members of the R.C.M.P. are on all fours with those who are employed in the civil service of Canada. I am not going to go into a long debate, but if I did not make that plain, then, in the light of the minister's statement, it might be taken that we agreed.

Mr. Garson: What I said applies only in so far as the increase of a vested pension is concerned.

Mr. Fulton: Even with that qualification, I think there should be some serious discussion of the matter, but on another occasion, because it raises an issue. We do not accept 100 per cent even the qualified statement the minister has just made.

With respect to clause 1, I wish to ask the minister one question. The purpose of this clause is to provide that succession duties payable on pensions and allowances will be paid out of the consolidated revenue fund and recovered by instalments after pensions or allowances. We regret that the bill does not go further along the lines indicated. However, in connection with clause 1, there is a question I should like to ask. The purpose of that clause is to provide that where the estate of a deceased member of the force is liable to succession duties, then, at the request of the beneficiary of the estate, the government may settle the succession duties, pay them over and then deduct annually a pro rata portion from the pension. I am concerned about the words in the clause at lines 14 and 15:

> such portion of the succession duties payable by that successor

It occurs to me that that may, as it appears in the bill, apply only to dominion succession duties. It is understood, of course, that under dominion succession duty law an estate of under $50,000 is not liable to duty, and there may not be very many estates of the retired members of the force liable for succession duties, but some provinces do still impose succession duties, and I am not being factious when I say that Ontario is an outstanding example.

Mr. Garson: And British Columbia.

Mr. Fulton: No, British Columbia does not impose succession duties. It imposes probate fees. I speak subject to correction. I have probated a number of estates in my capacity as a lawyer, and it is a long time since I have had anything to do with succession duties. If British Columbia imposes them, it is a matter about which I shall have to quarrel with the provincial government. There are provinces that impose succession duties. In Ontario the minimum estate liable to succession duties is $25,000. I do not know what the rates in other provinces are, but it means that there may be an appreciable number of estates that may be liable to duty. I want to know whether the words as used in this bill apply to the provincial succession duties as well as the federal. I think that the benefit of this clause should extend to the settlement of provincial duties as well as duties imposed by the dominion, and I would appreciate it if the minister would say whether it applies to both.

Mr. Garson: My hon. friend will be glad to know that they apply to both provincial and federal duties.

Clause agreed to.

On clause 2—

Mr. Herridge: I am pleased to see this clause in the bill as applying to former members of the police in British Columbia who are now members of the force. I should like to ask the minister how the adjustment is made with the province for the provincial police to pay into their fund. Is there some adjustment financially between the federal and provincial authorities to provide this?

Mr. Garson: Yes, I can show my hon. friend the rather lengthy clause in the agreement between the two governments covering this particular matter. Briefly, this is that the provincial governments turn over to us the amount that stands to the credit of the particular member of the British Columbia force who has been transferred from that force to the Royal Canadian Mounted Police. It is all spelled out at some length. If my hon. friend is interested, I can show him the text of that clause.

Clause agreed to.

Clauses 3 and 4 agreed to.

Bill reported, read the third time and passed.

HOUSE OF COMMONS

STATEMENT ON REQUEST FOR HOLIDAYS FOR PAGE BOYS

Mr. Speaker: Before the deputy clerk announces the next order of business, may I announce to the house that, after consideration, the Clerk, the chief of the page boys and I have come to the conclusion that if we are to give the page boys some relief, one solution might be that they all come in in the morning in order to take care of the members' files, that seven of the 14 could work in the afternoon until six o'clock and then leave, and that the other seven who would not have been working in the afternoon could come in to work in the evening and leave at nine o'clock, and those who would be working in the evening would not be the ones who would come in the next afternoon. So one group would have a long day, and the other group would have a short day. I think in that fashion we can release the page boys and give them some rest before they start going back to school in September. If that is agreeable, that will be the arrangement.

Mr. McIvor: Mr. Speaker, I have often appreciated the treatment that the boys have received from you, the Sergeant-at-Arms and others, and I hope it will continue next year.

PUBLIC SERVICE

PROVISION FOR EQUAL PAY TO FEMALE EMPLOYEES FOR EQUAL WORK

Hon. Milton F. Gregg (Minister of Labour) moved the second reading of Bill No. 445, to promote equal pay for female employees.

He said: Mr. Speaker, I am just going to say a few words on second reading of the bill. It will be noted that the bill applies to all the "works, businesses and undertakings" considered to be within the jurisdiction of parliament, without exception, including crown companies. It will not apply to the civil service because parliament has already legislated in the Civil Service Act on that matter.

The bill provides that an employer is not to employ a woman at a rate of pay less than he pays a man for identical or substantially identical work, and it is the "job, duties or services the employees are called upon to perform" that are to be looked at to determine whether the work is identical or substantially identical. However, if in the case of a difference in the rates paid a woman and a man for identical or substantially identical work the employer can show that the difference is due to a general rule of personnel practice on such a matter as length of service or seniority, which he applies to all his employees regardless of sex, this is not a failure to comply with the act. The bill protects an employee who makes a complaint under the act from discharge or other kinds of discrimination on account of her action in making complaint.

The rest of the bill has to do with enforcement. I might outline how I visualize complaints may be dealt with under this proposed legislation. The bill provides that a woman who considers that she has a grievance under the act may make a complaint in writing to the Minister of Labour. The complaint will be investigated by a fair wage officer of the department who will endeavour to help the parties to a clear understanding of their position under the act, which may result in settlement either through withdrawal of the complaint or an adjustment in the wage rate. This stage in the procedure is to provide an opportunity for voluntary adjustment.

If a settlement is not reached the fair wage officer will make a report to the minister setting out the facts and his recommendations. If the complaint has merit, the minister will appoint a referee who will make a full inquiry, hear the representations of both parties, decide whether there has been a failure to comply with the act and make any order necessary. The order may require an adjustment in pay for as far back as the six months preceding the date of the complaint. Failure to comply with the order is an offence under the act.

This administrative procedure for dealing with complaints does not hinder an aggrieved person from initiating proceedings in court if she prefers to do that at any point up to the appointment of a referee. If an employer is convicted for failure to comply with the act, the convicting court may order the payment of the wages due the employee, in addition to any other penalty.

What I am about to say will answer the question raised by the hon. member for Cape Breton South (Mr. Gillis) at a former stage. Where an employer is bound by a collective agreement that contains an equal pay provision substantially to the same effect as in the bill, grievances are to be dealt with according to the machinery provided in the agreement and not through the complaint procedure or court action which I have described. This is to encourage the parties to collective bargaining to take the responsibility for applying the equal pay principles themselves if they wish to do so.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, the bill now before us for second reading is an interesting document and,

generally speaking, is a very good piece of legislation. However, there are two or three things I should like to mention that I think might have been improved upon, and the very first one is the title of the bill. The minister has chosen to use the words, "an act to promote equal pay for female employees", but in the explanatory note on the opposite page the minister has said "the purpose of this bill is to provide for equal pay". I suggest to him that the bill would have been more attractive had he used the words "to provide for" in the title instead of "to promote". I know it is a small thing, but nevertheless it seems to me that we would like to feel that this provision is a certainty and not merely something that is just in its initial stages and which it is hoped will grow.

The minister has answered a question which I had intended to ask him with regard to coverage for the civil service. Of course we are aware that the Civil Service Act takes care of the provision of equal pay as far as it goes, but I wonder whether the minister will tell us at a later stage how the leglislation will apply to crown corporations and to contractors who are working under federal jurisdiction.

I should like to take some exception to the term "identical or substantially identical work" used in the bill. I must admit I was intrigued by those words and I went to the dictionary to find out what the experts on the English language might have to say about it. I should like to quote briefly from two different dictionaries. In Funk and Wagnall's New Standard Dictionary of the English Language "identical" is defined as meaning "absolutely the same, as in essence or in all respects; the very same; one and the same: opposed to different, and contrasted with similar." There are other aspects of the definition but those are the ones that apply in this case, and none of the other definitions in this dictionary differs materially from them. Then, in Webster's New International Dictionary, second edition, "identical" is defined as "the same, not different or other". Under the heading of "synonyms" there is the following explanatory note:

> "Identical" is the strictest term for entire and absolute agreement or negation of difference . . .

This brings up a question which has been raised from time to time with respect to all equal pay legislation. It has been stated by several persons who have knowledge of the subject that in all such legislation there should be an effort to get away as far as possible from a narrow interpretation. A narrow definition may prove very difficult of interpretation, and I suggest to the minister that is particularly so in this bill which makes provision for complainants to resort to the courts under certain circumstances, as the minister has outlined in his introductory remarks. The intention of the bill may be perfectly clear in the minister's mind and the minds of the officials of his department, but where a case goes to court I wonder how the court is going to rule with reference to the words "identical or substantially identical". I should like to say further that it seems to me that the words "substantially identical" are surely a contradiction in terms. The two things being identical, I cannot see where the word "substantially" qualifies it to the extent of broadening the interpretation in any way.

I do not wish at this stage to prolong my remarks unduly, because I am very anxious to see this bill passed, even with the few flaws that I think I detect in it. I should say that generally speaking the sections having to do with enforcement procedure seem very reasonable, except that I do wonder if a time limit should not have been put on the length of the proceedings. There has been a time limit placed on the payment of any back wages or any differential in wages, and that time limit is six months. But even that time limit in the bill is permissive and not mandatory. It seems to me that in a section which covers enforcement procedure there should have been some recognition of a time limit, because these cases can go on for months or even years if they are not checked up. The only chance a complainant has of achieving equality is to have the possibility of reimbursement for the whole period of the proceedings.

To stretch it to its ultimate, it could very well be that a complaint would be lodged and time would elapse to the point where the complainant would never receive recognition of the discrimination which she thought was practised against her. If that should happen, it could be that her employment would cease under natural procedure before she had her case recognized, either by the courts or the board of referees who were given the job of making the decision. I suggest to the minister that there is still time to place some limitation on the length of time proceedings may take. We would be very happy to support an amendment if he wished to propose one at the committee stage.

As I said the other day at the resolution stage, Mr. Speaker, a great deal will depend on the regulations which are drawn up and on the interpretation which is given to those regulations. I feel it is extremely important that there should be no misunderstanding of the intention of this act. I would point out that there is one last problem which presents

itself on reading this bill, and that is the lack of the definite pronouncement of an effective date. Already this bill has been delayed nearly seven months from the time the resolution first appeared on the order paper. It is now August 6, and the first date upon which this measure appeared in *Votes and Proceedings* was January 10, yet there is still no effective date mentioned in the bill. Here again it seems to me that the minister could have named a date on which this act would come into force. The members of his staff who are conversant with conditions of employment under federal jurisdiction surely could have suggested to him a date which would have been practicable and not completely upset the employer-employee relationship of those persons who would be affected.

Mr. M. J. Coldwell (Rosetown-Biggar): I do not think one needs to say very much about this bill. As a matter of fact it is long overdue. It has been suggested, not just since it was put on the order paper on January 10, but over a good many years. We welcome this bill. My colleagues in this party spoke on it at the resolution stage and strongly supported it.

All I want to do at this stage, Mr. Speaker, is not to question the minister on the clauses or details of the bill, which I believe would be out of order, but simply to say we support the bill and we hope it will be proclaimed at an early date. We hope, too, that the women of Canada will benefit from this piece of legislation which they have long urged the house to place on the statute books.

Mr. J. A. Smith (Battle River-Camrose): Mr. Speaker, the members of this group have supported the principle of equal pay for female employees for a number of years. I am given to understand that the members of this group have watched with great interest and supported the efforts of the hon. member for Hamilton West (Mrs. Fairclough) in her consistent struggle over the years to have a bill similar to this passed by the house. I feel it is only right and proper that the members of the house at the present time should pay homage to her for her efforts in this regard.

In closing, I should just like to say that I listened to the comments of the hon. member for Hamilton West with regard to the title of the bill. I can only say it is the hope of this group that the passage of this bill will do something to promote the recognition of the principle of the bill in industry as a whole, so those ladies engaged in industry will be given the same consideration that this bill proposes for those employed under federal labour jurisdiction.

[Mrs. Fairclough.]

Mr. C. W. Carter (Burin-Burgeo): On two previous occasions I voted against bills introduced by the hon. member for Hamilton West (Mrs. Fairclough) which were, in many ways, similar to the one now before the house. I feel therefore that I owe hon. members and my constituents an explanation of my position with respect to this legislation. At first sight this bill appears to be quite simple and straightforward. Actually it involves factors which go to the very root of our present concept of work and labour, which in turn form the basis of our present wage and salary structure. In my opinion these factors deserve more consideration than they are likely to receive at this stage of the session, and for that reason I would have preferred to have this legislation left over until next session.

The purpose of the bill is quite simple. It is to eliminate discrimination as between male and female employees with respect to pay when employed on the same or similar jobs. With that purpose I am fully in accord. No one could be more opposed to discrimination of any kind or in any form than I am. But it does not necessarily follow that all such differences in pay are due to discrimination. In some cases it may be due to economic factors, such as the more rapid turnover of female personnel as compared to male personnel. Airline stewardesses afford a good example of this.

Cases where pay differences are due to economic factors are not examples of discrimination. I think we should be clear on that point. But in those very cases where pay differences are due to economic factors, this legislation will tend to cause discrimination because, since the pay will be the same, it will obviously be in the employer's interest to employ men in preference to women.

This is one of the reasons I voted against the bills introduced by the hon. member for Hamilton West. But apart from that, I am not at all convinced that this legislation is necessary. The only employees it will affect are those under federal labour laws. They are mainly civil servants, employees of crown corporations and employees of companies with federal contracts. It has already been pointed out that it will not affect civil servants, because a policy of equal pay for similar work already applies to civil servants. If the civil service can initiate such a policy without this legislation, why is it that crown corporations cannot do the same thing? Certainly we have it within our power to write this policy into a clause in our federal contracts.

A third reason I voted against the earlier bills can be found in the New Testament, in the 20th chapter of Matthew, to be exact.

It is the story of a man who went out at different hours of the day and hired labourers for his vineyard. With the first ones he hired he made a definite contract for an agreed wage for the day's work. With the others there was no definite contract and no specified wage agreement. The employer merely said he would pay them what was right, and they went to work on that basis. At the end of the day they all received the same pay. The first ones were disappointed because, having worked longer, they expected more.

Whatever lessons can be drawn from this story, no one can say that it teaches equal pay for equal work. Actually those labourers received equal pay for unequal work. I think hon. members will agree that the New Testament contains a great deal of wisdom, much of it far beyond human thinking, and when we embark on a course that appears to be contrary to its teaching I feel it is wise to pause and take a second look. I believe there is much more to this story than its emphasis on the binding nature of a contract. I think it rejects the purely materialistic concept of human labour, and implies that other factors besides time and output should be taken into consideration with respect to wage and salary scales.

I am not going to take the time of the house now to develop these points further, but I hope there will be an opportunity to do so at another session. There are other questions in my mind, such as what would be the impact on the fresh fish processing industry in my province if this legislation were universally adopted.

In conclusion, Mr. Speaker, I hope I have made it clear that I am not opposed, and have never been opposed, to the principle of equal pay for equal work for women. I appreciate the problem, but I believe that a better solution can be found by revising the basis of our present wage and salary structure.

I do not intend to vote against this bill. All parties have declared themselves in favour of it, and it is not for me to take the attitude that I am right and the world is wrong. But actually it is not important who is right. The important thing, in my opinion, is that we are seeking together to find out what is right. On the other hand, for the reasons I have just stated, it would not be honest for me to lead anyone to think that I have suddenly reversed myself and developed an enthusiasm for legislation which I voted against in good faith on two earlier occasions.

Mr. George H. Hees (Broadview): Mr. Speaker, it was very interesting to listen to the speech just concluded by the hon. member for Burin-Burgeo and to learn that he is reversing himself after voting against this legislation twice. Now he has suddenly decided that he is going to vote for it. This is nothing but a complete reversal, of course. He has said that he is not against equal pay for equal work; yet he said also that he had voted twice against the measures introduced in the last two years by the hon. member for Hamilton West. If that is not reversing yourself I do not know what is. One thing on which we can agree with the hon. member is that his ideas on labour legislation go back about 2,000 years, and are just about that much out of date.

I think the vast majority of members in this house will agree that this is good legislation because it provides a fair deal for women workers, which is long overdue. Three years ago the hon. member for Hamilton West first placed this measure on the order paper. It has taken the government three years to introduce what is a very straightforward piece of legislation. This legislation could have been introduced three years ago if the government had been big enough to accept the bill brought forward by the hon. member for Hamilton West. However, they did not accept it because this government finds it impossible to give credit for a good and needy measure being put into legislation by an opposition member. To me it is the height of smallness on the part of the government to make women workers throughout the country who come under this legislation wait three years just because they would not give the credit which is due to the lady member for Hamilton West who introduced it.

As well as being good legislation because it provides a fair deal for women workers, it is also good legislation for men workers because it protects their jobs. In the past many men were displaced in jobs by employers who found that the jobs could be done as well by women workers who could be employed at a lower rate of earnings. This has been very detrimental, of course, to the men concerned because they have been displaced in jobs which had formerly enabled them to provide for their families.

This kind of legislation is now on the statute books of five of our provinces, and I hope our action here today in passing this measure in this house will be an example to the other five provinces and that they also will follow the good example of the five provinces that have adopted this type of legislation and put it on their statute books, so it will be a universal measure from coast to coast in Canada.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Mr. Gillis: I should like to say on this clause that I also listened with a great deal of interest to the hon. member for Burin-Burgeo, and I did not take the same position as the hon. member for Broadview. A wise man changes his mind once in a while but a fool goes on forever.

Mr. Hees: He should admit it when he does.

Mr. Gillis: He is quite justified in changing his mind and, of course, the hon. member for Broadview knows very well that as a rule governments do not accept legislation from the opposition.

Mr. Hees: Why?

Mr. Gillis: They do not get elected if they do. They incorporate it sooner or later, if it is a good idea. This is a good idea.

What I rose to say is that I do not agree with the reasoning of the hon. member for Burin-Burgeo. One of his main objections was that it might disturb the hiring of female employees. Well, it would also discourage the employer from exploiting. In many industries today, the automobile industry for example, the machinery is such that female employees can be trained in a very short time to operate many of the machines that are presently being operated by men. This legislation will prevent employers from exploiting female labour in cases of that kind. Another point I would like to make is with respect to the quotation from the New Testament. At the time they were out seeking labourers on the highways and byways there was no automation and no machinery, and I do not think it is applicable to the situation today.

I do not think the hon. member has any reason to doubt this legislation. It has been pioneered for the last 50 years and the whole question has been carefully studied. The subject has become particularly pertinent since the end of the war, when new machinery has been applied to industry after industry and employers, if permitted to do so, can cut wages pretty drastically by using female help.

I was particularly pleased with the minister's statement with respect to enforcement, that where it is desirable the employee can make a direct appeal where there is no organization but where an organization exists and there are collective bargaining agreements, the union as such can carry the appeal to the referee and have the matter adjusted in that way.

I am quite pleased with the bill, Mr. Minister. I think for a start it is as good as it can be made; and while it covers only the employees of the federal government who are not members of the civil service, nevertheless it establishes on a national scale a principle that has already been accepted in five of the provinces. We hope with this example of the thinking of the federal government the principle will be established across the entire country in the near future.

Clause agreed to.

On clause 3—*Application of act.*

Mrs. Fairclough: Mr. Chairman, I am not sure whether this relates to clause 2 or clause 3. The minister made the remark about the civil service, and I asked him in my introductory remarks to say whether crown corporations and contractors enjoying government contracts would likewise be bound by this act?

Mr. Gregg: Section 2, of course, sets out again those categories that are covered and that does include crown corporations. To answer the question which was asked a little while ago concerning how it will function with relation to crown corporations, it will function in exactly the same fashion as is the case with corporations such as railways, banks or what have you. It will not apply to those corporations under contract to the federal government when those corporations have their labour relations under the provincial labour law. In such cases the matter of equal pay would come under the provincial legislation, if they have it.

I might draw to the attention of my hon. friends the phrase to "promote" and "provide for". I am absolutely certain it will not make any difference in the forceful fashion in which this legislation will be administered. Personally I prefer the word "promote" to the words "provide for" because the latter words imply a command, a "thou shalt" attitude. In any event I prefer to see it stand as "promote".

Mrs. Fairclough: That is exactly what we wanted.

Mr. Fleming: I have one question concerning the use of the word "established" in clause 3(d).

Even without the explanation the minister has just given I think it is quite obvious that the intent here is to confine the subclause to crown corporations. On the other hand, while he has made it clear that it is not the intention of the bill to include independent contractors with the government, a reading of clause 3(d) and particularly the word "established" might suggest to some that it could include a corporation which has been

incorporated for the purpose of obtaining a specific government contract and carrying out the work under it.

Mr. Gregg: I will take notice of my hon. friend's point and check on it.

Clause agreed to.

On clause 4—*Equal pay for identical work.*

Mr. Philpott: Mr. Chairman, I have just a word or two on clause 4. As members of this house know, I have been a supporter of this type of legislation for many years and I have always supported such proposals no matter from what side of the house they came. I think this is an excellent bill and I am extremely gratified that we have it, but there is just one consideration in clause 4 I would like to bring to the attention of the committee. That is that the operative part of this bill would entirely depend on giving equal pay to female employees. Clause 4(1) reads.

> No employer shall employ a female employee for any work at a rate of pay that is less than the rate of pay at which a male employee is employed by that employer for identical or substantially identical work.

As we gain experience, Mr. Chairman, we may find that we do not need any safeguards to provide equal pay for male employees as compared to female employees, but I do not think it necessarily follows. For instance, only three years ago when renewing the charters of the banks of Canada we had as a witness the president of the Canadian Bankers' Association, who told us quite plainly that female employees in one category of work definitely received more than male employees who were doing exactly the same type of work.

We cross-examined the witness as to why that was so and he gave us the explanation which was, of course, that in some cases young men were willing to work for the banks for less money because they knew it was going to be a lifetime job and they expected to receive benefits later in life which the girls could not expect to obtain, because for the most part they accept work in the bank for only two or three years.

I would just like to submit to the minister and his department that we should keep a close eye on this particular phase of the legislation. I think quite often the agitation for equal pay for women or equal rights for women tends to extend into a request for what might be called a little bit of extra rights or privileges for women.

For instance, I drew to the attention of the house at the time the estimates of the Minister of National Defence were before us that whereas up to last year there was a flat clothing allowance of $10 a month granted to members of the armed services, male and female alike, there was a rather significant change this year in that women holding the rank of chief petty officer class 1 and below —and I am now referring to page 21 of the latest report of the Department of National Defence—got $9 a month and men holding the same rank got $8 a month, while men below the rank of petty officer got $7 a month. In other words, women who are very smart whether they are in the services or in civilian life receive a clothing allowance of $2 a month more than the men.

Mrs. Fairclough: We wear more clothes.

Mr. Philpott: The Minister of Fisheries may claim that it costs more to raise a family of daughters than a family of sons, but I just do not think that is true. I would like to point out in all good nature to the committee and especially to the minister that he should keep his weather eye open so that these smart girls who are to receive equal pay for equal work under this bill will not come along next year with a proposal that will give them extra privileges.

I am entirely in favour of this bill, but I believe the principle should be equal pay as between men and women, and not just equal pay for women because they are a little bit behind the men.

Mrs. Fairclough: Mr. Chairman—

Mr. Harris: Oh, no.

Mrs. Fairclough: I can appreciate the concern of the hon. member because, as may have been expected, I have received representations on a number of occasions to the effect that I should be taking exactly the stand he is taking now. I can assure him and other hon. members that if I am in the house when the day comes that I think male employees are being discriminated against, I shall return the compliment and support any measure he wishes to bring in to provide for equal pay for males.

I suggest that some additional words are required in clause 4(1). It starts off with the words "No employer shall employ". It seems to me that it should read "No employer or any person acting on behalf of an employer". In most cases it would not be the actual employer who would take the action, though he is assumed to be responsible for the acts of his employees. Will not the minister give consideration to amending that clause in that respect so there could be no evasion on the part of someone acting for an employer?

Mr. Gregg: I would have been glad to accept that suggestion except for the fact that the committee, of which there are two

representatives in front of me now, submitted that same point when it was at the planning stage to the Department of Justice, and that department considered it did not need to be spelled out in that way, that the word "employer" would automatically include anyone acting on his behalf whether an individual or a corporation.

Mrs. Fairclough: I hope with the words the hon. minister has just spoken being on the record that will be sufficient to ensure that this will be the case. If we should have instances of evasion on those grounds I trust the minister will amend the legislation by adding the proper words.

Mr. Fleming: It will be noted that section 4(1) is stated in negative terms, "No employer shall employ a female employee" and so on. Could not that be just as well stated in positive terms, that is, "Every employer of a female employee shall pay her equal" and so on? I should think that in stating a principle there would be some value in stating it in positive terms rather than in the form of a prohibition. I should think there would be no problem from the point of view of enforcement, because any breach would still be punishable in the manner set forth in the following sections when any employer failed to pay a female employee remuneration equal to that paid to a male employee for identical or substantially identical work.

Mr. Gregg: I am told that the law officers expressed preference for the negative wording.

Mr. Fleming: I do not propose to debate the matter further, but I must say I do not see that there is any drafting problem involved. When the house is being asked to give effect to the principle of equal pay I think it would have been a happier result if the statement had been put in positive rather than in negative terms.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Enforcement procedure.*

Mrs. Fairclough: This is the clause to which I referred when I spoke about there being no time limit placed on the proceedings. Clause 6 (4) (d) refers to the provision for the payment of additional remuneration that might have accrued to the complaining employee, and it contains the phrase "a period not exceeding six months". That same wording appears in clause 8. In both cases the permissive word "may" is used so there is really no pressure upon the referee, in the one case, or the court, in the other, to actually impose this procedure upon an employer who has been found guilty of practising discrimination.

As I tried to say in my introductory remarks, it is well within the bounds of reason that a claimant would find that the processing of her claim took a couple of years. If she were justified in her complaint and received a decision by the referee or the court, as the case might be, she could collect the moneys which were due to her only for a period of six months. I ask the minister to consider that carefully, because the fines provided by this bill are not excessive by any means, and there must be some restriction on the employer.

Mr. Gregg: My hon. friend is referring to the time limit in connection with the retroactive period?

Mrs. Fairclough: There is no time limit placed on the proceedings but there is a time limit on the length of time during which she can claim payment for additional remuneration.

Mr. Gregg: My idea was that it would be possible to cover that time limit of the proceedings by regulation.

Mrs. Fairclough: If the minister is going to cover it in that way, all right.

Mr. Gregg: If my hon. friend would express her thoughts a little more fully as to the length of time I am sure the officials will be glad to take them into consideration.

Mrs. Fairclough: I would suggest that the length of time for proceedings should be the same as the period for which she can claim additional remuneration.

Mr. Gregg: I shall see that the suggestion is considered.

Mrs. Fairclough: There is the other point of the additional remuneration. It is permissive in both clauses 6 and 8. If a decision is made in favour of a complainant, why should not the employer be required to make that payment; why should it be merely a matter of choice with the referee or the court as to whether it would be so decreed?

Mr. Gregg: It was in the minds of those who were working on this that in initiating this bill there should be a degree of flexibility on several points during the period experience was being gained in putting it into effect. If it is found from that experience that it would be useful to amend the wording of this clause I shall be glad to do so, but there were considerations which caused us to believe that the permissive word should be used rather than the more rigid word.

Mrs. Shipley: It seems to me there could be cases where it would not be wise to have it compulsory, for instance in the case of female school teachers. Certainly they understand the act. If they do not choose to force the issue, it seems to me some municipalities might find themselves in a serious financial position if it were compulsory for the referee to order six months' back payments, if the employees have not raised the issue themselves, as is their privilege. I think it really should be permissive.

Mrs. Fairclough: I suggest that this would not affect school teachers in a municipality. They would come under the provincial laws. This merely covers those under federal jurisdiction.

Mrs. Shipley: I simply use that as an example of what may happen.

Mrs. Fairclough: I must say that I have not changed my mind. If the minister is willing to keep this in mind and at a later date, when the act has become fully operative, change these words, probably that would suffice; but I point out that along with the very low fines which are set out in the bill, if an employer wished to evade the provisions of the act he might very well console himself with the thought that even if he were convicted after a complaint, the fine would be so small that he would actually be ahead financially in any event. It is useless having legislation that is going to leave a loophole whereby he could not exactly evade the provisions but he would feel that it would be to his advantage to defer action until such time as they caught up with him, and he would suffer no financial reverse because of it.

Mr. Gregg: I can assure my hon. friend that the administration will be carried out conscientiously, and that is perhaps more important than the words that are used. I should prefer to have it stand as it appears in the bill now and give the officials an opportunity to carry it out in that way.

Mrs. Fairclough: Since most of these matters, I presume, will be settled by the referee, who will be from the minister's department, I think the minister should pass on to his staff the word that where there is the least doubt of the intention of the employer, they should make sure that he does not get off with an evasion of the act.

Mr. Gregg: I should like to insert here also that the word "may" will apply to the statement that my hon. friend has just made. The referee may be found from the minister's department or he may be from outside.

Clause agreed to.

On clause 7—*Offences.*

Mr. Fleming: I should like to ask the minister if he thinks these fines are adequate. After all, they are only permissible maxima in each case, and it strikes me that if there is a flagrant breach of the act a fine of $100 in the case of an individual or $500 in the case of a corporation is very light.

Mrs. Fairclough: It is the maximum.

Mr. Fleming: As I have said, this is the maximum. This is to cover the most flagrant case. If it is a small case of an oversight or something that is caught very quickly and does not represent a settled scheme on the part of some employer to evade the act, then presumably the magistrate will impose a fine of only a fraction of this amount. But here we are dealing with the maximum amount, which would then be applied inferentially in the most flagrant kind of breach of the act. It seems to me that for a flagrant breach of this statute a fine of $100 in the case of an individual or $500 in the case of a corporation is not a very serious sort of penalty to impose.

Mr. Gregg: I agree with my hon. friend that it is not a very great punishment to mete out to the corporation that is the employer. On the other hand, if a given case carries through all the stages and comes to the point where a fine has to be imposed, we can say $1,000 or $20,000 and so on. But I think the main deterrent there is the social stigma that would be attached to the action that caused the fine, rather than the amount of money involved. Again I say that we are breaking new ground and I should like to do it quietly without great threats at the start.

Mrs. Fairclough: May I ask the minister what will happen if one of these cases comes to court and the employer chooses to fight the case with all the legal machinery at his command and succeeds in holding it up for a great length of time. That brings me back to the point I mentioned previously, on the length of time of the proceedings. I hope there is not going to be an opportunity for the use of legal machinery to prolong proceedings.

Mr. Gregg: As indicated by the bill, the woman has the right to go to court at any time up to the appointment of a referee to look into the complaint. Should she do so and should the complaint which she has lodged with the minister up to that point appear to have merit, it would seem to me that the minister or his officials should take some interest in the matter, even though she does go to court, and see that it does not drag on to interminable lengths.

Mrs. Fairclough: There is no recourse for the employer who has been convicted under this?

Mr. Gregg: No.

Mrs. Fairclough: Who has a judgment issued against him by a referee?

Mr. Barnett: I should like to ask one question in connection with the fines to be imposed. I must say that I am inclined to agree with the suggestion of the minister that the chief value of the penalty is the social stigma, as he put it, attached to it. But I should like to know this. In the event that an employer be shown to be discriminating against say 100 female employees, would it be correct to say that under this clause he could be convicted of a separate offence in relation to each of those employees?

Mr. Gregg: If a complaint were lodged and dealt with satisfactorily and that woman were one of 100 others in a similar position, one could expect the employer to clear the whole situation up at once. However, if the other 99 had felt the need of making a complaint, we are asking that the individual herself lodge the complaint in the first instance. Of course if she wants somebody to help her present the case that is a different matter, but the individual must make the complaint.

Mr. Barnett: Theoretically it would be possible for each of those 100 individuals to make the complaint and for the employer to be convicted for each instance?

Mr. Gregg: I should think so, but I think the fair wage officer would want to see the employer and discuss the matter with him on behalf of all 100.

Mr. Fleming: One of the minister's previous answers, I think, was somewhat lacking in clarity. There was some expression used about a judgment. Of course the referee cannot make a judgment; it would be quite unconstitutional to legislate in that form. All the referee can do is make an order. There is no appeal from this order, but if his order is ignored by the employer, then presumably prosecution follows. If a conviction is entered on a summary conviction procedure, then the employer of course has his normal right of appeal from such conviction, but the bill gives no appeal from an order of the referee as such.

Mr. Gregg: I am glad my hon. friend has pointed that out, because at that next stage the employer does have the right of appeal.

Mr. Fleming: Yes, if he is prosecuted for a breach of the referee's order.

Mr. Gregg: That is right.

[Mr. Gregg.]

Mr. Diefenbaker: I did not hear the previous discussion, but I should like to ask the minister a question with respect to section 7. On what basis was the determination made that the penalties should be so minimal as they are under this section? I refer particularly to the penalty in the case of a corporation, a fine not exceeding $500.

Mr. Fleming: I raised that point.

Mr. Diefenbaker: My hon. friend says he raised this point. The thing that impresses me about this legislation is that an act with penalties such as that simply means that the enforcement has few teeth in it. The general penalty in respect of individuals for most convictions punishable on summary conviction is up to $500, and that would be the amount of the penalty if it were not particularly set out here. In the case of corporations the corresponding penalty is up to $5,000.

The minister has given an answer as to why the penalties were reduced to these very small proportions. If there are good reasons for it, well and good, but it seems very strange when for petty offences punishable under the summary conviction provisions of the Criminal Code the penalty in the case of an individual is up to $500 and up to $5,000 in the case of a corporation. The minister might be able to explain why the penalties should be of such a character as actually to invite breaches of the law in respect of a piece of legislation so important in its purpose.

Mr. Gregg: I do not think there is a good reason except that in the companion piece of legislation, the Fair Employment Practices Act, and in this legislation the federal Department of Labour is entering quite a new field. The several very satisfactory solutions of complaints that have been achieved under the other piece of legislation were achieved with penalties exactly the same as in this bill and with the same degree of satisfaction as would have been realized if the penalty had been $50,000 in each case.

I do not believe that the amount of the penalty is a factor here. We did not think it was in the Fair Employment Practices Act. We believed that legislation was in the realm of education in the main, and we also believe that is true of this bill. We set these amounts under that act and we are using the same amounts in this legislation for much the same reason. As I mentioned a little while ago, with further experience in the administration of both these pieces of legislation we may

have cause to change our minds. If we do, we shall certainly act upon that experience.

Clause agreed to.

Clauses 8 to 10 inclusive agreed to.

On clause 11—*Inquiries.*

Mr. Herridge: Would the minister explain the necessity for this clause? I thought all ministers had the right and responsibility of conducting interdepartmental inquiries if they wished with respect to any legislation they administer.

Mr. Gregg: I think that is probably true. On the other hand, this is related to what I said a few moments ago. The officials working on the bill thought it would be better to have parliament spell out the fact that the minister has duties in connection with the administration of the legislation other than to impose the maximum penalty; in other words, in the educational field.

Clause agreed to.

Clause 12 agreed to.

On clause 13—*Equal pay provisions in collective agreements.*

Mrs. Fairclough: The minister gave an explanation in reply to a question asked previously by the hon. member for Cape Breton South, I believe, with regard to those persons who are covered by collective agreements. Does this clause mean that there must be an equal pay provision in the agreement in order to remove the employee from the realm of immediate contact with the referee? If there is a collective bargaining agreement and there is no equal pay provision in it, the complainant may still make a complaint direct to the referee. Is that correct?

Mr. Gregg: That is correct. It is felt that a collective bargaining agreement covering a number of women employees should have a section along the lines of this bill. If it has no such section or there is no part of the agreement covering equal pay grievances, then the woman would come under this bill.

Mrs. Fairclough: I want to make sure of that, because in some of these cases there are so few women employees in a large group that either because they have not pressed for it or because they could not convince their fellow employees, they have not been covered by equal pay provisions. I have one case in mind at the present time which I now think would come under this legislation. The question has been asked whether employees of D.V.A. hospitals would come under it. They will, will they not?

Mr. Gregg: Yes.

Mr. Barnett: There is one question I should like to ask with respect to subsection 2 (b). There are various types of settlement provisions in different collective agreements. The phrase "of all differences" is used in this subsection, and I take it that the grievance settlement provision must cover settlement of all grievances by arbitration or otherwise. Has consideration been given to any form of appeal from any decision that might be reached under a grievance settlement provision, provided that the union has gone through all the steps required in the contract and feels that it has not had proper redress? Why was no provision made that they could then appeal under the provisions of this legislation?

I can think of one collective agreement I know of where for the settlement of certain types of disputes they have reference to a sole arbiter whose decision, under the terms of the agreement, is final and binding upon both parties with respect to the provisions of the agreement that are classified as referable to him. In that case there might be no provision for the referral of this type of thing to the sole arbiter. I am wondering whether consideration has been given to some arrangement for allowing an appeal to a referee under this legislation if there should be a case where the sole arbiter has made a ruling with which the parties are not satisfied.

Mr. Gregg: Thought was given to that point but no action was taken along the lines suggested by my hon. friend because it was felt that to some extent it would be a vote of lack of confidence in the collective bargaining process carried out by the union. That was very strongly felt by the head of my conciliation branch within the department, who was a member of the committee. The process under these collective agreements is very clear cut, culminating in most cases, I think, with the appointment of an arbitrator if it goes that far. After that arbitrator has given his ruling, then if that lady were to come to us and go through the same process and we carried it to its final conclusion, we would in truth be attempting to give judgment over and above that of collective bargaining.

Mr. Barnett: If I understand the meaning of this correctly, the agreement must contain a provision, both (a) and (b), that is to say an equal pay provision and an agreement settlement provision before this exemption applies?

Mr. Gregg: That is right.

Clause agreed to.

Female Employees Equal Pay

On clause 14—*Transitional.*

Mrs. Fairclough: With regard to clause 14, Mr. Chairman, this means where there is a collective agreement in effect the shortest period of time before the act can become applicable to those persons is one year from the date of the coming into force of the act as proclaimed by the governor in council; that is true, is it not? I think that lends force to my argument—perhaps I could now speak about clause 15 also, Mr. Chairman, with your permission, because they tie in together—that a date should have been set for the act coming into force rather than leaving it in the air. We have not any idea now when it may come into effect.

Mr. Gregg: Perhaps I could refer to the two points together. The first one is quite clear. The reason for section 14 is to provide that employers and employees shall not be caught off balance during the first period of the operation of this act.

Now, as to the date of the coming into force of the act, if when this bill went on the order paper we had put a date in clause 15, it would have been March 1.

Mrs. Fairclough: That would have been just fine.

Mr. Gregg: However, we would never have got to it. When this bill receives royal assent I and my officials are anxious to put it into effect at the very earliest date possible, and I concur in that point of view.

Mrs. Fairclough: Then I take it that it would come into effect within a few days after the close of this session?

Mr. Gregg: Very shortly after.

Clause agreed to.

Clause 15 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read a third time; now?

Mr. Argue: By leave.

Mr. Gregg moved the third reading of the bill.

Mrs. Ellen L. Fairclough (Hamilton West): Perhaps I might be permitted to say one word at this stage. I am sure all of us were pleased to see on the floor of the house the director of the women's bureau. I believe this is the first time she has been here as adviser to the minister, and this piece of legislation which has gone through affects her department. I should like to say that it gave us all pleasure to find her here in this capacity.

[Mr. Gregg.]

Mr. Gregg: Mr. Speaker—

The Acting Speaker (Mr. Applewhaite): If the minister speaks now, he will close the debate.

Hon. Milton F. Gregg (Minister of Labour): I want to thank the hon. member for her kind words with reference to the director of the women's bureau. She will hold a watching brief on the administration of this legislation.

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

INCOME TAX ACT

The house resumed, from Tuesday, July 31, consideration in committee of Bill No. 418, to amend the Income Tax Act—Mr. Harris—Mr. Applewhaite in the chair.

The Deputy Chairman: I believe the committee was discussing an amendment submitted to clause 5. Perhaps if the committee would give me a moment I could find where we left off.

Mr. Harris: I had moved an amendment to subparagraph 5 at the top of page 3 of the bill.

On clause 3, paragraph 5—*Clergymen's residences.*

Mr. Fleming: When this bill was last before the committee on Tuesday evening, July 31, I had, with others, urged upon the minister that his amendment to this clause did not go far enough and had proposed for consideration, within the ambit of the framework of the amendment, the case of the clergy engaged on the teaching staffs of theological colleges. I expressed the hope that in the interval the minister would reconsider his position in the matter.

Mr. Harris: I have done so, Mr. Chairman, and I find the objections which I mentioned to the committee on the last occasion we were discussing this amendment are still valid. For the moment I do not feel I should go beyond what I have done in the amendment.

Amendment agreed to.

Paragraph as amended agreed to.

Paragraphs 6 to 9 inclusive agreed to.

On paragraph 10—

Mr. Harris: I have an amendment to this paragraph which I would ask my colleague the Minister of National Revenue to move. It is as follows:

That Bill 418, an act to amend the Income Tax Act, be amended by deleting lines 34 to 36 on page 4 thereof and substituting therefor the following:

"(10) subsection (2a) of section 11 of the said act as enacted by subsection (6) of this section is applicable in the case of a regulation made under paragraph (b) of subsection (1) of section 11 of the said act after the coming into force of this act.

(11) for greater certainty it is hereby declared that a regulation made under paragraph (b) of subsection (1) of section 11 of the said act before the coming into force of this act may, in so far as such"

Then the wording continues as it is in line 37. It is merely to make it clear, sir, that the amendments to the regulations will take effect only from now on and will not be retroactive.

Mr. McCann: I so move.

Amendment agreed to.

Paragraph as amended agreed to.

Clause 3 as amended agreed to.

On clause 4—*Special corporation taxes.*

Mr. Fleming: Clause 4 is the first of several clauses in this bill which hinge on the legislation recently passed by the house in relation to the fiscal arrangements with the provincial governments. Where there is to be a provincial corporation tax or personal income tax as well as that levied by the federal government there must of course be provision for deduction in the case of such taxpayers. The question that must always be asked is, how much. Our position in this respect was, I think, made abundantly clear in the debate on that measure, which passed this house a fortnight ago. We do not think, under all the circumstances, that the amounts which are permitted to be deducted in such cases, as set forth in that legislation, are adequate.

Bill No. 418 is simply a companion measure which sets up the actual provision for deduction in such cases. I am saying this now, Mr. Chairman, to put our position again on record and to avoid repetition. What we had to say on the other measure stands. We accept, of course, the principle that the taxpayers in such provinces should be entitled to make the deduction rather than be faced with double taxation; but we repeat what we said then, namely that the percentages allowed to be deducted in such cases are inadequate. Those percentages are now carried into the provisions of section 4, and a couple of sections which follow, of the bill.

Therefore we reassert the position we took on the other bill. We say those percentages are not adequate under all the circumstances, but we do of course recognize the necessity for there being deductions. We are then left in the position, Mr. Chairman, where the principle of deductions is regarded as strictly necessary but in our view the percentage of deduction is inadequate.

Clause agreed to.

On clause 5.

Mrs. Fairclough: Clause 5 brings up the whole question of the amounts allowed as statutory exemptions in the case of those persons who come into the country under any assisted passage scheme, I take it? If my memory serves me rightly, the matter of persons who receive one or two months' family allowances was taken care of a couple of years ago. The minister made provision for permission to be given to refund the amount and claim the full exemption. Am I correct in that?

Mr. Harris: Yes.

Mrs. Fairclough: But I understand in this case, if an immigrant comes in under an assisted passage scheme it is automatically taken as an indication of the receipt of family allowance, and the immigrant is automatically moved from the $400 to the $150 exemption for such children brought in with him under that scheme.

Mr. Harris: Mr. Chairman, this provision does for the immigrant with respect to any moneys received by him in connection with the allowance for his children during the first year of his residence in Canada the same thing as is now done, as my hon. friend has said, for a person in receipt of family allowance.

Mrs. Fairclough: I should like to have it made clear how this is actually going to work. He comes in under an assisted passage scheme, and a certain time is required for him to pay the amount which has been expended to assist him to come into the country. Even if the total amount he has had given to him is spread over a year for the purpose of repayment, can he, by refunding the two months' allowance, to the department, claim the total statutory exemption?

Mr. Harris: If I may say so, Mr. Chairman, the hon. member for Hamilton West has confused the loans made for passage with payments made to immigrant parents for their children during the first year of their residence in Canada.

Mrs. Fairclough: I hope that is a fact. That is precisely what I was trying to find out. The explanatory note says:

This clause provides that any children in respect of whom amounts are paid as family assistance to immigrants and settlers shall be classed as children qualified for family allowance for income tax purposes.

I am concerned with these words, "family assistance to immigrants and settlers". Do they mean family allowances?

Mr. Harris: It is a payment made, Mr. Chairman, during the first year of the residence in Canada of the immigrant family. The payment is made with respect to the children and the parents receive it and have it quite freely. There is no repayment. This is to arrange the Income Tax Act in such a way that the receipt by them of those sums of family assistance will be treated for our purpose precisely as family allowances would be.

Mrs. Fairclough: What is family assistance if it is not family allowance?

Mr. Pickersgill: Perhaps I can explain to the hon. member. I made an announcement one day, possibly when she was not here, that from July 1 onward it was proposed to pay to children of immigrants who came into the country until, under the Family Allowances Act, which is one year, they were eligible for family allowances, $60 a year, or a fraction thereof. So that family assistance is the equivalent of family allowances, but it is called family assistance because it does not come under the Family Allowances Act.

Mrs. Fairclough: Does it come under the Department of Citizenship and Immigration?

Mr. Pickersgill: It is paid through my department.

Mrs. Fairclough: May I say to the Minister of Finance what I said to the Minister of National Health and Welfare when we were discussing his estimates, that there is still some confusion in the minds of people who come into this country with reference to their status for tax purposes in respect of family allowances. I believe that when these people come into the country at the present time the Department of Citizenship and Immigration supplies them with a pamphlet or some sort of document which outlines to them precisely what their rights are taxwise in respect of their children with or without family allowances.

I have had two letters from and one conversation with persons who came into the country and were given no such information and who, because of that, were forced to pay. The time had elapsed when their assessments came back to them in which they could have made restitution of the one or two months, as the case may be, of family allowances which they received in the one year in which the children became eligible. Consequently they lost the benefit of the tax computation in that regard. One of those gentlemen told me that had anyone given him such information at the time he entered the country he would have known how to handle the matter, but no one had done so. Does the Department of Citizenship and Immigration make sure that everyone who comes in now is given the benefit of this information?

Mr. Pickersgill: We do the very best we can. You know, it is sometimes a case of leading a horse to water, but I think the establishment of family assistance makes it much more certain that they will get the information because there is an immediate benefit available now. It is of more interest than something you will get a year hence.

Clause agreed to.

On clause 6.

Mr. Fleming: I am sure hon. members will be glad to welcome the addition of oxygen to the group of medicines, the other four having been in the act for some time, which may be included within allowable medical expenses under section 27 of the act. It does draw attention to what some of us argued when the present provisions in this respect were introduced, that the list of drugs is not large enough, and I think the time has come to submit this to the minister and the committee for some future review.

This particular amendment arises out of the decision of the income tax appeal board last December when a gentleman by the name of Anatole Brunet of Verdun had sought to deduct from his 1954 income the sum of $742 expended by him on oxygen treatments for his wife who had pulmonary tuberculosis. Testimony of the doctors was that constant medical use of oxygen was needed to bring her relief and to prolong her life, but it was held that this was not a permissible deduction; it was not one of the things that could be included within the scope of allowable medical expenses.

It is unfortunate that the amendment does not make any retroactive provision. In taxation legislation we always oppose retroactive legislation where any burdens are imposed. Where the provisions are remedial there is no reason why, unless some discrimination were thereby created, legislation should not be made retroactive.

I raise the point, first of all, that there is strong reason for making the provision retroactive when one sees as striking an example as was raised in this case. This man will derive no benefit for this heavy expenditure made by him in 1954, or 1955, if he did make a similar expenditure in 1955.

The second point I make is that while an example has arisen now underlining in a very

striking way the strength of the case for the inclusion of oxygen within the scope of these medical expenses, there must be many other medical items deserving of inclusion. There are many drugs that are required by persons who are chronic sufferers from some ailments for which the case is just as strong as it is for insulin, cortisone, ACTH, oxygen and liver extract.

I realize that in the first instance this is a matter for the Department of National Health and Welfare, but when recommendations are made from that department to the Minister of Finance I am sure they must then become his responsibility as to whether they are to be the subject of amendments to the Income Tax Act that he is prepared to father in the house.

I do not know whether or not this study is being made at the present time in the Department of National Health and Welfare, but I do urge very strongly that such a study should be made by the proper government department, because I am satisfied that the present list is not adequate and that there are many chronic sufferers in this country who have just as strong a case for including within the scope of allowable medical expenses the substantial outlays they are making for drugs to alleviate their sickness as the case which exists for insulin, cortisone, ACTH, oxygen and liver extract.

While there is only one addition being made to the list this year I would suggest that there must be many others, and they should be diligently inquired into and legislation ought to be brought forward to enlarge this list.

Clause agreed to.

On clause 9—*Deduction from corporation tax.*

Mr. Harris: Mr. Chairman, I move:

That Bill No. 418, an act to amend the Income Tax Act, be amended by deleting lines 11 and 12 on page 7 thereof and substituting therefor the following:

"(2) This section is applicable to the 1957 to 1961 taxation".

Amendment agreed to.

Mr. Fleming: Mr. Chairman, I should like to have the remarks I made concerning clause 4 apply to this clause, without my repeating them.

Clause as amended agreed to.

On clause 10—*Averaging for farmers and fishermen.*

Mrs. Fairclough: Mr. Chairman, I wonder if the minister would explain what is meant by clause 10. Let us take the case of a farmer who has just started up and taken over his own farm. In the first year he has a loss and probably he has a loss in the second year; then he begins to make money. Unless he has filed an election for the first year by April 30 of the following year I take it that he will not be allowed to use those two years of loss in averaging his income, is that correct?

Mr. Harris: Mr. Chairman, the purpose of this amendment is to provide something different from what my hon. friend has in mind. The year of averaging is the fifth year in this particular case and this is to require the farmer to file a return on time in the fifth year even though he may not be taxable in that particular year.

Mrs. Fairclough: But it would not affect the losses in earlier years?

Mr. Harris: No.

Mrs. Fairclough: I presume the point the minister made is that he might not normally file the return but under this amendment whether or not he is taxable he must have filed a return by April 30 and have indicated his intention?

Mr. Harris: Yes.

Mr. Argue: Mr. Chairman, I do not see any advantage in this particular amendment. I have had a situation brought to my attention a number of times and I wonder if the minister is also aware of it. Frequently farmers have made money in two or three years and have filed returns and paid their taxes; then in a year when they have had a loss, through neglect or as a result of not knowing the terms of the act tney have perhaps failed to file a return. The history of farming is such that we all know in some years a farmer may make a great deal of money and in other years he may incur substantial losses.

What is to be gained by requiring the farmer to file a return every year even in the years when he has had a loss, in order to take advantage of the averaging? It would seem to me that within a five-year period, if the farmer has filed a return when he has had a taxable income, that he should then have fully met the law and should be able to average over the five years despite the fact that inadvertently he failed to file a return when he was not subject to tax.

Mr. Harris: The purpose, of course, is to be helpful to the administration of the tax laws of Canada and at the same time not to be harmful to the farmer.

My hon. friend would understand that if the farmer is not taxable in the fifth year, let us say, and then in the sixth or seventh year

he becomes taxable and files a return and discovers at that time in the course of going over his returns that he was in fact taxable during the fifth year, he has lost an opportunity to elect back. In this way we can keep him up to date and he is able to take advantage of the averaging.

If in the seventh or eighth year he were to discover he was taxable in the fifth year it would be very difficult for him to average back in view of the lapse of time. This is not intended to be restrictive on the farmer; rather it is intended to be helpful to him to keep his tax returns up to date in order that he can take the full advantage of the law.

My hon. friend says we know that farmers are not aware of the law. There are some who are not, of course, but most of those who are familiar with income tax realize the advantage of averaging, and this is to assist them in making sure they are able to average for the five-year period.

Mr. Patterson: Mr. Chairman, the point I wish to raise relates more perhaps to the realm of the administration of the act than to the actual clause. I had a very unfortunate case brought to my attention recently. One of my own constituents previously operated a farm in the province of Alberta and built up a dairy herd there. In 1953 he sold his herd, moved to British Columbia, and started up in the dairy business in that province.

This man filled in the forms in which he elected to average and made arrangements with a particular individual in the city of Chilliwack whom he understood to be dependable, and paid him a fee for filling in his income tax forms. Apparently the forms were filled in on time but through some circumstance which was beyond the control of the gentleman in question the forms were not received by the income tax office until approximately the 17th of the month, I think it was. Because of that unfortunate circumstance this man's request for averaging was disallowed and the result was that he was assessed a little over $1,000 in the form of income tax whereas if the forms had been filed on time the whole matter would have been taken care of and he would have been saved that amount.

Perhaps the problem lies in the administration. I realize there has to be a cut-off date, but this particular man had the receipt indicating that he had paid his fee and that the forms were being filled out. Because the man whom he had engaged to fill out his income tax return was lax, the return was not received in time and his client was penalized.

I took this up with the Department of National Revenue, taxation division, and also with the Minister of National Revenue, but apparently nothing could be done under the circumstances. Although this is the law it is unfortunate that something could not be done in a case like this. I do not know whether any comment is necessary by the minister, but I suggest that something be done to take care of cases like this.

Clause agreed to.

Mr. Harris: I have an amendment to insert a new clause 11 and renumber the succeeding clauses in the bill. It reads:

> That Bill 418, an act to amend the Income Tax Act, be amended by renumbering clauses 11 to 26 thereof as clauses 12 to 27 respectively and by adding thereto, immediately after clause 10 thereof, the following clause:
>
> "11. (1) Paragraph (b) of subsection (4) of section 46 of the said act is repealed and the following substituted therefor:
>
> '(b) within 4 years from the day of an original assessment in any other case,'
>
> (2) This section shall come into force on the 1st day of January, 1957."

Mr. McCann: I move accordingly.

Mr. Harris: The purpose of the amendment is to reduce the time limit within which a reassessment may take place.

Mr. Fleming: Is this a new amendment beyond those the minister indicated earlier he intended to introduce?

Mr. Harris: That is right.

Mr. Fleming: It is not difficult to grasp the effect of this amendment. The present section 46 (4) reads:

> The minister may at any time assess tax, interest or penalties and may
>
> (b) within six years from the day of an original assessment in any other case,
>
> reassess or make additional assessments.

The hon. member for Kamloops earlier in the session introduced an amending bill to reduce the period within which a reassessment might be made in any case except where fraud was involved. To the extent to which the amendment now introduced by the minister is the outcome of the efforts of the hon. member for Kamloops I think my colleague is entitled to all commendation, and the minister in turn to congratulations for having adopted the sound proposal put forward by an hon. member of the opposition.

Mr. Harris: I am grateful, but just for the record I would point out that over a year ago I said I was studying this matter and that some day I would move an amendment.

Amendment agreed to.

The Chairman: Shall I call the clause numbers as they appear in the present bill?

Some hon. Members: Yes.

On clause 11.

Mrs. Fairclough: May I say that I am pleased with the amendment the minister has brought in to introduce a new clause 11 in the bill. I think it will work out to the advantage of all concerned.

Dealing with this clause, I should like to ask the minister if it has not occurred to him that a situation might arise where an employee would be receiving supplementary unemployment benefits as his total income for the year. I realize that supplementary unemployment benefits are comparatively new and I suppose the department is feeling its way with regard to tax deductions, but it seems to me that if an employee can testify that this is his only source of income there should be an opportunity for the employer to refrain from making deductions if he is reasonably sure that the employee will not exceed his statutory exemption. The clause as it now stands makes it necessary for the employer to make the appropriate tax deductions under any circumstances.

I grant you that if it started at the beginning of the year and he received less than the amount there would be no basis on which the employer could make a deduction, because the amount would not appear in any tax table. But it is possible that a man may have been employed for three or four months and at the end of his employment have a refund coming at the end of the year. I wonder if the minister will say whether he thinks the wording of this clause is sufficiently clear to cover the situation where an employee may have deducted from him amounts which would only be returned to him at the end of the year.

Mr. Harris: This deduction would be made not by an employer but by the trustee of the fund. No doubt the trustee of the fund will obtain from the person receiving supplementary benefits an indication of his status and will make whatever deductions are required according to that particular declaration. Should an employee receive, shall we say, a modest sum, he would not likely be taxable at all, having no status whatsoever with respect to income tax deductions.

Mrs. Fairclough: It is intended that the ordinary tax table shall be used in making these deductions and not a set amount, as is the case with some other special benefits?

Mr. Harris: Quite so.

Clause agreed to.

Mr. Harris: The next amendment reads:

That Bill 418, an act to amend the Income Tax Act, be amended by renumbering clauses 13 to 27 thereof as clauses 14 to 28 respectively and by adding thereto, immediately after clause 12 thereof, the following clause:

"13. Paragraph (b) of subsection (1) of section 57 of the said act is repealed and the following substituted therefor:

'(b) shall make such a refund after mailing the notice of assessment if application therefor has been made in writing by the taxpayer within 2 years from the day on which the overpayment was made or the day on which the notice of assessment was sent.' "

I think the amendment is self-explanatory. Instead of one year the refund can now be secured up to two years.

Mr. Fleming: A good amendment.

Amendment agreed to.

On clause 13.

Mr. Fleming: This clause is entitled to be supported because it extends as it should the principle of the 20 per cent dividend tax credit to a situation where it has not hitherto applied. There is no reason why in principle it should not have been.

This gives me the opportunity to raise again a question I have raised for several years and with which the minister, so far as I am aware, has not yet dealt. That is the case of a taxpayer whose wife has a dividend income of under $1,000. The full amount of her income is deducted less $250 from her husband's exemption. No benefit accrues to either him or her because of the fact that her income is in whole or in part composed of dividends from taxable Canadian corporations. In that case it has always seemed to me to be very unfair that no benefit should accrue to either of them from the fact that the wife's income is composed of those dividends from taxable Canadian corporations.

I should like to press that on the minister. There have been representations made to him. As I recall it, the Canadian Chamber of Commerce made representations of this kind to the minister in each of the last two years, and I wish the minister would introduce legislation to give effect to that proposal that surely is justified in principle in relation to dividends. Is the minister going to tell us anything about his position on this matter?

Mr. Harris: I was just beginning to wonder whether I would leave the opposition anything to urge upon me if I dealt with all the remaining matters.

Mr. Fleming: There are many more.

Mr. Harris: The short answer is that the purpose of the 20 per cent dividend tax credit was to avoid double taxation. When the dividend is in the hands of the wife who is not taxable there is no double taxation,

but I would prefer not to argue that case at the moment, because it does not particularly apply to this clause, though it could be said that it did. On another occasion I can perhaps dispose of the argument at great length.

Mr. Fleming: If the minister thinks he is disposing of the argument, I can assure him that he is not.

Mr. Harris: I said I would do so on another occasion.

Mr. Fleming: In the case I put double taxation does result.

Clause agreed to.

On clause 14—*"Investment company" defined.*

Mr. Harris: I have an amendment of one word or so in the last two lines of page 8. It is as follows:

That Bill 418, an act to amend the Income Tax Act, be amended by deleting lines 40 and 41 on page 8 thereof and by substituting therefor the following:

"(ba) not more than 50 per cent of its gross revenue for the year was from interest,"

Amendment agreed to.

Clause as amended agreed to.

On clause 15—*Saving provision.*

Mr. Monteith: This has to do with patronage dividends and how to arrive at the capital employed in a certain period. I know this has nothing to do with the question befor us, but how was the 3 per cent of the capital employed arrived at?

Mr. Harris: I think it was an arbitrary decision based on much experience with co-operatives, at a time when there is a very considerable body of opinion that co-operatives ought not to be taxed at all and another body of opinion that they ought to bear at least some part of the cost of maintaining the government of Canada.

Clause agreed to.

Clauses 16 and 17 agreed to.

On clause 18—*"Employees profit sharing plan" defined.*

Mr. Fleming: In clause 18 we have the minister introducing in two subclauses the expression "capital gain". I simply draw attention to the fact that there is in the act no definition of capital gain. The income tax appeal board and the courts are operating under some old judicial definitions of capital gain. As Mr. H. Heward Stikeman pointed out in a recent address entitled "The Vanishing Capital Gain", from which I read on a recent occasion, and I should like to urge upon the minister that the time has come to undertake some proper statutory definition of capital gain that will take into account modern business practices and will be a realistic approach to a problem that exists today largely because of the fact that very old judicial interpretations of this expression are now being used in the courts, rather than something created by this parliament.

Clause agreed to.

Clause 19 agreed to.

On clause 20—*Idem.*

Mr. Harris: I have an amendment to clause 20, as follows:

That Bill 418, an act to amend the Income Tax Act, be amended

(a) by deleting line 30 on page 12 thereof and substituting therefor the following:
"following subsection:";

(b) by deleting lines 44 to 46 on page 12 thereof and lines 1 to 10 on page 13 thereof; and

(c) by deleting lines 14 to 22 on page 14 thereof and substituting therefore the following:
"(4) subsection (2) is applicable in respect of losses"

Amendment agreed to.

Mr. Fleming: The amendment the minister has introduced does not touch, as I recall it, the provisions in clause 20 of the bill, which are rather lengthy, in connection with the matter of the mining corporations as predecessor corporations.

Mr. Harris: Perhaps I can explain. As a matter of fact, when I presented the bill originally we thought we had to deal with the decision of the supreme court in the Consolidated Glass case. Since introducing the bill, the court has said that it would rehear the case, and we are dropping the legislation we had in mind in view of their judgment. I do not know whether or not we shall come back with it again another year, but that has nothing to do with mining; that comes in the next clause.

Clause agreed to.

On clause 21—*Property acquired by successor corporation.*

Mr. Harris: I move the following amendment.

That Bill 418, an act to amend the Income Tax Act, be amended

(a) by deleting lines 15 and 16 on page 15 thereof and substituting therefor the following:
"products or natural gas, exploring or drilling for petroleum or natural gas, or mining or exploring for minerals, all or substantially all of the property of the";

(b) by deleting line 2 on page 16 thereof and substituting therefor the following:
"of subsection (1), paragraph (b) of subsection (2), paragraph (d) of subsection (3)"; and

(c) by deleting lines 16 to 20 on page 16 thereof and substituting therefor the following:

"The production of petroleum or natural gas from wells, or the production of minerals from mines, situated on property from which the predecessor corporation had, immediately before the acquisition by the successor corporation of the property so acquired, a right to take or remove petroleum or natural gas or a right to take or remove minerals;"

Mr. Fleming: Clause 21, subclause 4, on page 15, was designed to add a new subsection 8a to section 83A of the act and to provide that where an oil or mining corporation acquires the property of an oil corporation it may deduct the undistributed exploration expense incurred by the predecessor corporation. As the clause originally was drawn up, it permitted the oil or mining corporation to adopt the same practice with respect to deferred items of this kind in the predecessor corporation as it followed with respect to its own current development expenses.

The anomaly that existed was that while a mining company was empowered to do this with respect to a predecessor oil company which it might acquire, it was not authorized to take similar action in the event that it acquired a predecessor mining company. As I understand it, the effect of the amendment which the minister has introduced is to remove that anomaly and to provide that the mining corporation, where it acquires a predecessor mining company, is entitled to make a deduction just as the section originally provided with respect to oil companies.

Mr. Harris: That is correct.

Mr. Michener: I take it this is the matter I raised on the resolution stage, and which the minister then indicated he would review.

Amendment agreed to.

Clause as amended agreed to.

Clauses 22 and 23 agreed to.

Mr. Harris: Mr. Chairman, we are becoming a little involved with the renumbering. I have an amendment which, as a matter of fact, will be new clause 25 but would be before 23 in the order in which we are doing it.

Mr. McCann: I move:

That Bill 418, an act to amend the Income Tax Act, be amended by renumbering clauses 25 to 28 thereof as clauses 26 to 29 respectively and by adding thereto, immediately after clause 24 thereof, the following clause:

25. (1) The said act is further amended by adding thereto, immediately after section 85G thereof, the following heading and section:

"Sale of Farm Property.

85H. Notwithstanding subsection (4) of section 20, where a taxpayer's chief source of income during a taxation year or during the 12 months immediately preceding the taxation year has been farming, and the taxpayer has, during the taxation year, sold to a child of the taxpayer a farm or a farm and other property used in farming operations carried on by him, for the purposes of section 20 and regulations made under paragraph (a) of subsection (1) of section 11 the capital cost to the child of the taxpayer of depreciable property included in the property so sold shall be deemed to be the lesser of

(a) the capital cost to the child of the taxpayer of that depreciable property determined in accordance with paragraph (g) of subsection (6) of section (20), or

(b) the fair market value, at the time of the sale of that depreciable property."

(2) 85H of the said act as enacted by this section is applicable in determining, at any time after 1955, the capital cost of depreciable property in the case of any such property sold after 1948.

The Chairman: Do I understand this is moved after the present clause 23 and that it would be 25 as renumbered?

Mr. Harris: It is 25 as renumbered.

The Chairman: Have hon. members heard the amendment?

Mr. Fleming: We have heard it but that is all. It is regrettable that the minister was not able to warn members on this side of the house as to the purpose of this very long amendment. It might prove to be simple enough on analysis, but to hear it read it sounds somewhat abstruse. I think we will have to have an opportunity to look at it.

Mr. Harris: We will let it stand, Mr. Chairman.

The Chairman: This amendment shall stand.

Amendment stands.

On clause 24—*Definitions.*

Mr. Fleming: I have this observation to make on clause 24. I am glad the minister has seen fit to introduce this provision, which has been the subject of representations made to him on behalf of the Canadian Bar Association by a committee appointed by that association for the purpose. I think it is a sound approach. I am aware that the professional accountants in this country have urged that somewhat similar legislation be introduced with respect to documents of taxpayers in the possession of accountants.

There is one matter I bring forward. I do not like the use of the word "lawyer" all the way through the clause. Surely some better designation could have been chosen for this purpose. I can see the reason for trying to choose a term that will fit the description of the profession in all provinces, but the result is that an expression has been chosen which is not one that is applied to the bar in any of the provinces except in a colloquial sense.

Mr. Harris: That may be so. Personally I do not feel that any error has been made. It was not only clear to us but in many

respects the clause was drafted in part by the bar association and they took no exception to this.

Mr. Fleming: At various places throughout the clause you use the expression "solicitor-client privilege". I would have thought that the word "solicitor" would have been the proper one to use under the circumstances.

Mr. Harris: We happen to be legislating for ten provinces, so I think that perhaps "lawyer" will do. I should like to move an amendment.

Mr. McCann: I move:

That Bill 418, an act to amend the Income Tax Act, be amended by deleting lines 43 to 46 on page 19 thereof and substituting therefor the following:

"of the Attorney General of Canada, is satisfied that neither the client nor the lawyer has made an application under paragraph (a) of subsection (4), or, having made that application, neither the client nor the lawyer has made an application under paragraph (c) thereof,"

The purpose of the amendment is to make it clear that both the lawyer and the client might have made an application.

Amendment agreed to.

Mr. Fleming: May I ask the minister if he has yet introduced the new clause 24 dealing with the repeal of subsection 6 of section 123?

Mr. Harris: No, I was about to do that.

Mr. McCann: I move:

That Bill 418, an act to amend the Income Tax Act, be amended by renumbering clauses 27 to 29 thereof as clauses 28 to 30 respectively and by adding thereto, immediately after clause 26 thereof, the following clause:

"27. Subsection (6) of section 123 of the said act is repealed."

The Chairman: This is to follow the present clause 24?

Mr. Harris: It follows clause 23.

The Chairman: Shall the present clause 24 as amended carry?

Clause as amended agreed to.

The Chairman: Shall this amendment following the present clause 24 carry?

Amendment agreed to.

Clause 25 agreed to.

On clause 26—*Registered pension fund or plan.*

Mr. Harris: I have an amendment for a new clause 29.

Mr. Fleming: Had you not better deal with clause 26 first?

[Mr. Harris.]

Mr. Harris: All right.

Mrs. Fairclough: I want to ask the minister a question. The present clause 26 of the bill obviates any necessity for reapplication. It makes any superannuation or pension fund a continuing plan under the act and there is no change in essence between former superannuation or pension fund plans and newly registered plans?

Mr. Harris: No, it is a use of words. I have an amendment.

Mr. McCann: I move:

That Bill 418, an act to amend the Income Tax Act, be amended by striking out line 15 on page 21 thereof and substituting therefor the following:

'(2) Paragraph (p) of subsection (1) of section 139 of the said act is repealed and the following substituted therefor:

"(p) "farming" includes tillage of the soil, live stock raising or exhibiting, maintaining of horses for racing, raising of poultry, fur farming, dairy farming, fruit growing and the keeping of bees, but does not include an office or employment under a person engaged in the business of farming;"

(3) Subsection (1) of section 139 of the said act is'

Mr. Herridge: We have not got the other sections of the act here. Would the minister mind explaining what this does?

Mr. Harris: It takes care of the case of a dairyman wholly in the dairy business and who took advantage of the benefits under the act for farmers by saying that the act included dairying as being an occupation of a farmer. The purpose is to make sure that anyone who is conducting a dairy but is not a dairy farmer should be excluded from the benefits that are available to a farmer as such.

Mr. Fleming: This was the subject of a recent decision by the income tax appeal board within the last few days.

Mr. Harris: Yes.

Mr. Fleming: I think we ought to have an opportunity to take a look at this amendment. It apparently changes only one word in section 139 (1) (d) of the act, but as we have one other amendment to look at I suggest that this one might stand too to give us an opportunity over the dinner hour to examine it.

The Chairman: This is an amendment to the present clause 25, and it shall stand.

Amendment stands.

Clause 26 agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: When the committee rose at six o'clock two amendments had been allowed to stand. I believe one comes after the present clause 23. Shall this amendment carry?

Mr. Fleming: I understand, Mr. Chairman, that the one you are calling is to be the new clause 25, subsection 1; that is the one relating to the sale of farm properties?

The Chairman: Yes.

Mr. Fleming: There has been an opportunity during the dinner hour to examine this amendment and I may say now that we welcome it and support it wholeheartedly. As a matter of fact, this is the amendment that has been asked for, indeed urged, in the committee on estimates by the hon. member for Perth and the hon. member for Middlesex East. It concerns the matter of giving to the son of a farmer who acquires the father's farm the right to depreciate his property from that point on, although apart from such a provision as this the transaction would not be regarded as one between parties dealing with each other at arm's length. I may say that we have advocated this remedial provision and we welcome it and support it.

Mr. Brooks: I just wanted to ask a question with reference to this definition of farm property and depreciation. It will be recalled that a few years ago the matter of cutting timber on a farm was being considered. A good many farmers in my province and other provinces cut timber perhaps after 25 or 30 years. Previously the income was included in the income for the particular year in which they cut the timber. I want to ask the minister whether that has been changed. I was not a member of this committee on estimates and I have not followed this bill too closely, but I wonder whether any change has been made in the act regarding the cutting of timber?

At the moment I think it can be averaged over five years, but as the minister understands it takes 30 or 40 years for a crop of timber to grow, and if it is all cut in one year it certainly should not be considered as income for that one year. However, I should like to have the minister's comments on that subject.

Mr. Harris: There is nothing in the present bill which alters the existing law with respect to timber. My understanding is that if a farmer cuts timber annually for sale, it is considered income.

Mr. Brooks: That is different, of course.

Mr. Harris: But if he happens to have a bush lot which he sells, perhaps once in his lifetime, that would be in the nature of a realization of capital and it would not be income in the taxation period.

Mr. Monteith: Does that mean so long as the farmer does not cut the timber himself but lets somebody else cut it—is that more or less the idea?

Mr. Harris: Not necessarily; the real test is whether it is income in the sense of a recurring receipt from a crop or whether it is the sale of an asset, once and for all.

Mr. Monteith: For the sake of argument, suppose he sold half his bush lot one year to some outsider who would cut the timber, that is what I understand to be considered a capital gain. Then suppose he sold the other half in another year, would that also be considered a capital gain?

Mr. Harris: I think that would be so. I did not mean to imply he could only have one sale. The point is whether it is an asset being sold in the sense of a capital asset or whether it is an annual crop of timber.

Mr. Brooks: As a matter of fact I think it is a matter that should be looked into very carefully. The explanation of the minister is that if a man cut the annual growth every year that would be considered income. However, if he cuts every 25 or 30 years that man's farm has been depleted in value to that extent, and it certainly should not be considered as income for that particular year.

Amendment agreed to.

The Chairman: The next amendment was to present clause 25.

Shall this amendment carry?

Amendment agreed to.

Clause 25 as amended agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time; now?

An hon. Member: By leave.

Mr. Harris moved the third reading of the bill.

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

Post Office Act

POST OFFICE ACT

AMENDMENT WITH RESPECT TO TRANSFER OF CONTRACT

The house resumed, from Tuesday, July 3, consideration in committee of Bill No. 351, to amend the Post Office Act—Mr. Lapointe—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Transfer of contract.*

Mr. Lapointe: When the committee rose after studying this bill the last time, I undertook to secure certain information which had been requested by hon. members opposite. I should like to bring this information before the committee now. At the outset I may say that the statistics which I will be giving are for the same period which had been given previously, that is from October 1, 1953, to September 30, 1954, at which time all transfers were stopped.

The hon. member for Notre Dame de Grace asked for a breakdown of the total number of tenders invited during that period. I find that during the period in question, that is from October 1, 1953, to September 30, 1954, there was a total of 1,141 cases in which tenders were invited for contracts. The breakdown is as follows: New and rearranged services, 204; services under temporary arrangement to secure regular contract, 250; death of the contractor where the estate asked to be relieved from any obligation to continue the contract, 16; unsatisfactory services, 32; tenders invited after the transfers which had been asked were not approved by the department, 5; cases where the contractor gave three months' notice as he is entitled to do under the terms of his contract and where he did not ask for a transfer, 197; cases where the contract expired, either because the contractor refused to renew or because the rate at the expiration of the contract was considered too high, 437. This makes a total of 1,141.

The hon. member requested information as to the exact amount of the largest contract which had been transferred up to that date in 1954. The particulars are as follows: Rural route contract, $3,600; side services, $1,617; stage services, $6,561; city services, $36,827. The hon. member for St. Paul's also inquired as to what contracts in what he described as the greater Toronto area had been subject to the practice which this bill would authorize. I am advised that during the period from October 1, 1953, to September 30, 1954, no contracts in the greater Toronto area were involved. As a matter of fact a search was made by the officials of the department, going back many years, and no such transfer could be found.

[Mr. Harris.]

The Chairman: I called clause 1. Perhaps I should have mentioned to the committee that we are also dealing with an amendment of the hon. member for St. Paul's in the following terms:

That clause 1 of Bill 351 be amended by adding after the last word the following words: "until the expiration of the term of the contract".

Mr. Michener: Mr. Chairman, one of the bits of information which I wished to obtain from the minister was the annual value of the contracts in the Toronto area. I was not concerned with those that were transferred. I wanted to find out what amount of money was involved in the larger contracts to which this amendment might apply in the future. I wonder whether the minister can indicate the annual value of the largest contract in the Toronto area.

Mr. Lapointe: Yes, Mr. Chairman. These contracts for city services are, generally speaking, on a completely different basis from contracts for rural mail service, which are the contracts most affected by this amendment. The contracts in the cities are of different types. There are contracts for street letter boxes, for taking mail to postal stations, and relay bundles, special deliveries, parcel post, and so on. Some of these contracts are on an hourly rate for the hire of truck and driver, and that is the basis of most of them. In certain localities they are, for instance, on parcel post on a per item basis, so that any figures I give are the cost of that service over the last year. For instance, in Toronto the street letter box service is on an hourly basis of $2.40 per hour, or $3.45 per hour whenever a helper is required. The last figure I have for a period of one year for that service is $361,124.

In the case of the service for postal stations, the rate is the same, $2.40 per hour for truck and driver and $3.45 when an additional helper is concerned, and the amount is $275,000.

In the case of special delivery and parcel post service, it is $2.40 an hour; where an additional helper is needed, $3.45 per hour. I am sorry, when I gave the figure for special delivery, the rate quoted was for evening service. The day service is on a different basis. It is on a fixed allowance per month plus an item basis, and this fixed allowance is $45 a month plus 15 cents per item.

Mr. Michener: May I take it from the minister's answer that the largest amount paid to any one contractor within the definition of the section before the committee was $361,124, the amount paid with respect to street letter box service?

Mr. Lapointe: For one individual contractor for one service, yes.

Mr. Michener: That was the largest amount paid to any one contractor?

Mr. Lapointe: That is right.

Mr. Michener: Can the minister tell me approximately how many contracts of that kind there are in the Toronto area?

Mr. Lapointe: How many contracts there are altogether?

Mr. Michener: Yes.

Mr. Lapointe: On parcel post there are 36 individual contractors, and the same contractor has the other contracts to which I referred a few minutes ago.

Mr. Michener: Mr. Chairman, if I may just refer again briefly to the amendment, the bill permits a practice of which one does not wish to disapprove; that is, the transfer of a contract for its unexpired term. But having done that it goes further. Where such a transfer is made without tenders being called —and it relates only to the unexpired term of the contract—the section then makes the rest of the act applicable so that when that unexpired term is over it is not necessary to call tenders with respect to that contract, and it might continue indefinitely.

As I pointed out before, very large contracts of considerable annual value, as much as $361,000 a year in the city of Toronto, could be transferred by one person to another, and continue in the possession of the transferee over a number of four-year terms without there ever having been an actual call for tenders to see whether that work might be done more cheaply by a satisfactory contractor. It is for that reason that I suggest the amendment, which does not limit the transfers of unexpired terms of contracts but would limit those transfers to the unexpired period, then apply the usual provisions of the act to renewal for a new term and make it necessary to call tenders.

I think that is a desirable amendment so long as the awarding of those contracts is based on the calling of tenders as a matter of principle and practice. It does not appear to me to be sound legislation to make it possible to bring in exceptional cases through the back door.

Mr. Hamilton (Notre Dame de Grace): I wonder whether the minister has an answer to another question asked the last time this matter was up. It was asked by the hon. member for Victoria-Carleton, and appears on page 5597 of *Hansard*. The words were:

> What is the average cost of calling for tenders where you have to post notices for three weeks, when a contract runs out?

The parliamentary assistant to the Postmaster General undertook at that time to find out and let us know.

Mr. Lapointe: On the basis of the last year for which I have been given statistics the average cost would be $75 per contract. Of course that might vary from one year to another, depending on the number of cases for which tenders were asked, as my hon. friend realizes.

I believe the hon. member for Victoria-Carleton also asked the amount of time involved between the closing of tenders and the actual awarding of contracts. I am informed that it will vary from three weeks to three months in some exceptional cases, depending on the locality and the amount of work that might be involved in the investigation of the individuals who have submitted tenders. As my hon. friend realizes, there are some localities which are rather difficult of access, and we find it necessary for an official of the department to go into the locality and make an investigation of the prospective contractors. In the latter case it will involve much more time.

Mr. Patterson: Mr. Chairman, I find that the longer I listen to the discussion relevant to this amendment the less desirable it seems to be in the original form. As we have been advised, this amendment is just to legalize a practice that has grown up across the years and has now come to be looked upon more or less as an accepted procedure; but as the hon. member for Bow River said in speaking on the question some time ago, why legalize a bad practice?

It would seem that the procedure that has been followed, which it is suggested be now legalized, could lend itself to a great many serious abuses. I would like to refer to the explanatory note which could in itself be rather misleading, taking it as it now stands, for it reads:

> The purpose of this amendment is to permit the Postmaster General to transfer a contract for the unexpired term.

It seems to me the inference is that when the term expires, the contract would be open to tender, but apparently such is not the case. I do not think this could be justified on the ground that it would save the department and the taxpayers a considerable amount of money. I do not think that would be true in this particular instance.

As has been pointed out, it would mean there may be cases where contracts may never be open to tender. On the other hand it may

mean that those desirous of obtaining a contract for the transportation of mail may never have an opportunity of doing so because it is just passed from one to another. Certainly I would feel that in the case of major contracts at least this would be a very undesirable situation, and it would also be undesirable as far as the lesser contracts are concerned.

The amendment now before us, which would limit it to the expiry of the original contract, possibly alters the picture somewhat and this would provide for the calling of tenders at the expiration of the original contract. If that amendment were to be accepted tonight then we would support the amendment and also the measure; but unless that is put in I personally feel—as perhaps hon. members of the group to which I belong might also feel—obliged to vote against the amendment.

Mr. Brooks: Mr. Chairman, I would like to ask the minister just what investigation he would anticipate making with reference to the recommendation by the ex-contractor? Suppose the first recommendation was unsatisfactory; would the minister ask that contractor to make a second recommendation? What would be the procedure in that case?

As the minister knows, frequently when tenders are called three or four men will tender. The contract is not always given to the lowest tenderer, because when an investigation is made the lowest tenderer is sometimes found to be unsatisfactory. If the minister found that the man who was recommended was completely unsatisfactory, would he then ask the contractor to make another recommendation to fill the position?

Mr. Lapointe: Not as a rule, Mr. Chairman. The practice has been that the contractor will write to the department and say that he wishes to be relieved of his contract, and he informs the department that he has found someone in the locality who is willing to continue the contract under the same terms and conditions—

Mr. Brooks: Usually a relative.

Mr. Lapointe:—and if this proposed transferee is not found to be satisfactory then tenders will be asked, as a general rule.

Mr. Cameron (Nanaimo): Mr. Chairman, I am just wondering whether the wording of this amendment actually carries out the purpose that may have been in the Postmaster General's mind. As it reads now it seems to me to require the consent of the contractor not merely to have his contract transferred to somebody else but also to have his approval for a substitute contractor. I cannot quite understand the necessity for that. I can see why the existing contractor cannot have his contract taken away forcibly and he must agree to that; but surely he should have no say in who is going to be put in his place. That is the way it appears to read now, and I cannot imagine that this was the Postmaster General's actual intention.

Mr. Lapointe: Well, Mr. Chairman, as the department is bound under the contract with this particular contractor his consent is necessary for the transfer. If he did not agree to a certain individual as transferee then his consent is not given to change the contract, and the contract cannot be changed without the consent of both parties.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, at this point I would like to make an apology to the Postmaster General for a little misunderstanding which arose in the last debate. At the conclusion of that debate after we had pressed very heavily for certain information, I understood the Postmaster General to say that he did not intend to give that information to the house, and I wrote down those words.

Upon referring to *Hansard* I now learn that the minister's actual words were to the effect that he did not pretend to be able to give us that information. The entire sentence containing his words is as follows:

> I am not in a position to furnish detailed statistics about every operation of the Post Office Department, and I do not pretend to be able to do so.

This reference can be found at page 5610 of *Hansard* for July 3, 1956.

I must say that by missing one syllable of the Postmaster General's remarks his statement was turned from a confession of an inability to supply information into a denial to give the house information. I would like the minister to know that, because I have quite enough to charge him with on the basis of his own remarks without any unfortunate misinterpretation on my part of some remarks which he may not have made. I apologize for my error.

Mr. Lapointe: I shall try to articulate more clearly the next time.

Mr. Hamilton (Notre Dame de Grace): And I shall endeavour to listen more closely, too. As a matter of fact it would be very excellent advice if the Postmaster General and other members of the cabinet were to listen attentively to the suggestions which come forward from this side of the house.

Very briefly, Mr. Chairman, we find on the basis of the information the Postmaster General has brought down tonight that in the period under review 25 per cent of the

contracts were handled without any reference whatever to tender. Under the provisions of the legislation which is about to be put into effect there were 1,141 tenders called and there were 303 transfers without tender. This is information which became available in the last debate. It is to legalize such transfers that this legislation is being introduced.

I suggest that for any department of government to transfer from one individual to another 25 per cent of the contracts which become renewable in a year is a situation which does not deserve and should not have the support of this house. We can understand that there might be isolated instances where the minister's argument might apply, although we are sceptical even then, but I do not think any of us have sympathy with a situation in which 25 per cent of the department's business is being carried on in that way.

Briefly, this bill is designed to legalize a system under which government contracts, which can be most lucrative in certain instances, can be transferred from one individual to another without any reference to the contract procedure and simply at the discretion of the minister and his department. Once these contracts have been placed there will be no necessity and no requirement that they ever become subject to the tender procedure. The net result of this is that eventually the entire rural mail service of Canada and the entire pick-up and delivery services which are contracted for in our major cities could become matters not subject to tender. That I suggest is serious business. We must remember that while the minister has emphasized the rural mail contracts, some of these other contracts are worth up to as much as $1 million.

Mr. Lapointe: I should like to correct the figure I gave last time. The figure of approximately $1 million represents all such contracts, not just one contract at Montreal.

Mr. Hamilton (Notre Dame de Grace): The last time the minister gave the impression that there was a $1 million contract, but he now tells us that that is the aggregate of the contracts, that several large contracts total $1 million. But the situation remains the same in that those contracts will not be subject to tender.

I do not think it is necessary to labour this point any more. It is very simple. Should government business be subject to tender when it becomes available or should it be something to be transferred from one individual to another at the whim and discretion of the minister and the department? We feel that it should be subject to tender.

Mr. Barnett: I should like to ask the hon. member for Notre Dame de Grace a question. Does the 25 per cent figure refer to the number of contracts or the dollar value of the contracts?

Mr. Hamilton (Notre Dame de Grace): It refers to the number of contracts. In the period October 1, 1951, to September 30, 1954 there were 1,141 tenders invited—I am assuming for the purposes of my argument that each of those resulted in a contract—and there were 303 contracts transferred without tender from one holder to another. That is where I get my figure of over 25 per cent of the contracts being moved without the use of the proper tender process.

Mr. Barnett: I take it that the hon. member has made his calculation from the figure given earlier this evening by the minister. Has the minister any figures which would indicate the correlation between the number of contracts presently involved as indicated by the hon. member for Notre Dame de Grace and the dollar value of the contracts let without tender?

Mr. Lapointe: I have a breakdown of the contracts under $1,000 and the contracts over $1,000. The total number of contracts existing in the department under $1,000 as of March 31, 1956 was 7,600, and the number transferred in one year of contracts under $1,000 is the figure mentioned by the hon. member for Notre Dame de Grace, 303.

Mr. Hamilton (Notre Dame De Grace): The figure 303 was made up of two items, the contracts under $1,000 which I think were 162 or something like that, and the contracts over $1,000.

Mr. Lapointe: I have the figures here. There were 303 transfers of contracts under $1,000 out of 7,600 contracts existing, which represents 4 per cent; there were 162 transfers of contracts over $1,000 out of 5,200 contracts existing which represents 3·1 per cent; out of the total number of existing contracts amounting to 12,800 there were 465 transfers, or approximately 3·6 per cent.

Mr. Barnett: Has the minister given any consideration to the suggestion made by the hon. member for Okanagan Boundary and by myself and I think other hon. members the last time we were discussing this bill in committee? The suggestion was to place some limit on the dollar value of contracts which could be transferred and extended beyond the expiry date without calling for tenders. If the minister has taken any steps along that line I for one would be only too glad to hear it now, because it might have

some relation to the position I would take on the amendment moved by the hon. member for St. Paul's.

Mr. Montgomery: I could not remain in my seat and let the statement just made by the minister go by without comment. It is true in fact but most misleading. The minister said that out of 12,800 contracts only 465 had been transferred under the system he now wants to legalize, but the minister has not told the committee that those contracts run for four years and there would be only so many coming due each year. How many came due in 1955-56 out of which these 465 transfers were made? I think we should have that information. The amendment proposed is not going to go into full force and effect until all those 12,800 contracts become renewable. We shall see the full effect of it only perhaps three or four years hence. Therefore I think the minister should give us a little more explanation on that point.

Mr. Lapointe: I did point out when I gave those figures that they were the number of contracts that existed at the present time. The figures were given for the year ending in 1954, because that was the last year when transfers were permitted. There were 1,141 tenders called and 465 transfers. Those are the figures I gave previously.

Mr. Montgomery: There were 1,141 in the same year renewed by tender?

Mr. Lapointe: Yes.

Mr. Hamilton (Notre Dame de Grace): The minister's figures revise upward the percentage I previously put forward of the number of these contracts which are being changed over without tender. We now have a total for the year under discussion of 1,141 tenders invited and 465 contracts that were transferred without calling tenders. That means that some 40 per cent of the department's business in that year was being done without tender. If the situation was obnoxious when it was 25 per cent, it is almost doubly obnoxious when it becomes 40 per cent.

Amendment (Mr. Michener) negatived: Yeas, 32; nays, 62.

Mr. Hamilton (Notre Dame de Grace): Would the minister say why he would not be prepared to put a limitation on the dollar value of the amounts covered by this amendment? As we know, this particular item refers not only to rural routes, where the Postmaster General has rested his defence; it also refers to contracts representing $75,000 and $100,000 in the aggregate; in Montreal there are some that could reach $1 million. Could he explain to the house why he wants the privilege of transferring $50,000 and $100,000 contracts?

Mr. Lapointe: The reasons I gave for putting forward this amendment prevail regardless of the amount of the specific contract. I might say that in some cases the assurance to the department of continuity of service is even more important, in some of the contracts where large amounts are involved, as in city services, where we must be sure that the service is not impeded at any time and that it will continue from day to day. That is the reason I would not accept an amendment limiting the amount.

Clause agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT EXTENDING PROVISIONS TO PERSONS ENGAGED IN FISHING

Mr. Harris: It has been agreed that at this point we will take second reading of the unemployment insurance bill.

Mr. Green: Not at this point.

Mr. Harris: It has been.

Mr. Fleming: It was agreed that we would finish the day's business first.

Mr. Green: My understanding was that we would finish the business that was indicated and announced for today.

Mr. Harris: But as an accommodation to those who were interested in this and who might not want to sit as late as we would otherwise sit, I understood that by unanimous consent it was decided that we would not have any debate on second reading, and I would suggest that we do that now, and let it go on to the industrial relations committee.

Some hon. Members: Agreed.

Hon. Milton F. Gregg (Minister of Labour) moved the second reading of Bill No. 449, to amend the Unemployment Insurance Act.

Motion agreed to, bill read the second time and referred to the standing committee on industrial relations.

PUBLIC SERVICE SUPERANNUATION ACT

AMENDMENT TO EXTEND APPLICATION, MAKE CHANGES IN ADMINISTRATION, ETC.

The house resumed, from Tuesday, July 17, consideration of the motion of Mr. Harris for the second reading of Bill No. 440, to amend the Public Service Superannuation Act.

Mr. Donald M. Fleming (Eglinton): As to the contents of the bill, I think it may be said that we are generally in agreement with them; but we regret that the views expressed at the resolution stage of this measure by the Leader of the Opposition have not been given effect in the terms of the bill that we now have before us.

When speaking on July 2, as will be found at page 5579 and following of *Hansard,* the Leader of the Opposition urged that the bill when introduced should take account of the plight of those former members of the civil service and retired personnel of the armed services whose pensions, in the light of the depreciation of the dollar and the consequent diminution in the purchasing value of their pensions, now require action on the part of parliament. Redress is needed in the case of those deserving persons whose pension provisions at the hand of parliament have become quite inadequate in the light of changing events.

At that time the Leader of the Opposition drew attention to the forward steps that have been taken in both Great Britain and in the United States to deal with similar situations. He pointed out that, apparently with the concurrence of all political parties in Great Britain, legislative steps have been taken within the past year. He quoted what was said in the British House of Commons recently, in these words:

> What we have to do is to take into account a total body of about 600,000 pensioners, who have retired after different kinds of services, with different kinds of pension, at different times over the past 30 years and more. What matters is to do justice, as far as possible, among all those individuals. One has to discard the idea of a simple, new scheme as soon as one discovers that whatever scheme of that kind one can devise, it will do justice that is too rough to be called justice at all.

Sir, that seems to be the situation here. Since many of these good people retired the value of the pensions to which they became entitled on retirement has depreciated, in many cases to the extent of 50 per cent or even more. It may be that in the case of some of those who have been retired now for a time they have become entitled to the old age pension, but then so has everybody else who has reached 70 years of age. There is no answer to the claim for equity on the part of those many people who have served this country well.

One must express a keen sense of regret that the plea made by the Leader of the Opposition for these worthy people has apparently fallen upon deaf ears. The Minister of Finance did not choose to participate in the debate at the resolution stage or to make any comment on the plea that was made by the Leader of the Opposition in very earnest terms on behalf of these worthy people.

I do not know how many members of the house are aware of the fact, Mr. Speaker, that any retired civil servant who receives a pension of $1,200 per annum or more is not permitted to take on even part-time or casual work for the government without having the sum so earned deducted from his pension. Take the case of a retired civil servant who has not enough to live on and who may, for example, obtain a few days' work at some exhibition under federal auspices or something of that kind to make a little money to eke out an inadequate pension. Under existing government regulations, if his pension amounts to $1,200 or more he cannot take that employment, or if he does the amount so earned will be deducted from his pension. It strikes me that is a very striking form of injustice, an inadequate pension to begin with and then the deprivation of an opportunity to earn a few more dollars through casual employment by the government. Many of these people are in a position otherwise to be of service in such situations of casual employment.

I do not intend to enlarge on these remarks, except to express again very keen regret that the minister has not grasped the opportunity afforded to him to insert in the bill some provision to meet the needs of persons in the group to which I have made reference. So far as the contents of the bill are concerned, we are in general agreement with them, but we deplore the omission from the bill of any provision to meet the needs of a very worthy group of people who have served this country well in a variety of capacities.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) has expressed the opinions of the members of this group on this legislation at great length and in great detail. We do not think there is any necessity to repeat those arguments at this time.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Coming into force.*

Mr. Benidickson: Mr. Chairman, we have heard from several hon. members opposite that there is much agreement with us on the points covered in the clauses of this bill, but I may say that clauses 1, 2 and 3 deal with the same point. Were these changes not to be made in the superannuation act the

law as enacted in 1947 would become operative next August. As a result, if someone in the public service were retained after the age of 65 they would no longer continue to be able to get superannuation benefits that are now open to them. They would be more restricted. In certain instances they would not be able to work out 35 years of total service. They would not be able to average years of service after 65 with respect to the 10-year averaging provision.

It has been recommended by the joint council of the public service that if someone is sufficiently worthy to be requested to stay in the service after the age of 65 we should not have provisions for their employment after that age less attractive than they are under the present law.

Mr. Green: Mr. Chairman, during the discussion at the resolution stage I raised a point having to do with section 13, subsection 4, of the act which deals with the amount of pension payable to a widow if she is more than 20 years younger than her husband. It reads as follows:

> Notwithstanding anything in this act, the amount of any annual allowance to which the widow of a contributor may be entitled under this act shall, if the age of the contributor exceeded that of his widow by 20 or more years, be reduced by an amount determined in accordance with the regulations.

There has been no amendment included in the bill to deal with that point, and I would urge upon the minister that he give consideration to modifying those regulations. This problem has come to my attention with respect to the case of a woman who had been married for 25 years, I believe, at the time her husband died. She is about 60 years of age and unable to go out and earn anything for herself. Apparently they did not understand at all that if there was that difference in age she would not get the full amount of the widow's pension. The reduction comes as a great shock.

I do suggest where a civil servant has been married for a large number of years, and where the widow has reached that age or approximately that age, the regulations should be modified to meet a situation of that kind. It does seem very unfair. Perhaps it would not require an amendment to the act itself. In view of the fact that the last words of that clause read, ". . . to be reduced by an amount determined in accordance with the regulations . . ." it would seem that the difficulty could be met by some slight change in the regulations under that section. I hope the minister will take this point into consideration and see his way clear to making some change accordingly.

[Mr. Benidickson.]

Mr. Benidickson: My hon. friend is right; a change of that kind could be made by regulation and does not require an amendment to the act. I am sure it will be given consideration by the advisory council to the minister.

Clause agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Application of part I of Superannuation Act.*

Mr. Castleden: This has to do with the inclusion of those civil servants who transferred to the federal government after the bringing in of Newfoundland. How many civil servants are affected by this, and what would be their salary range?

Mr. Benidickson: I believe the number affected is about 20. There was a general understanding that the people in the service of the Newfoundland government at the time of union who had a status equivalent to our permanent civil servant would be eligible for the benefits of this act. Through a technicality in drafting, something not intended, these 20 or so have not been properly transferred.

Mr. Castleden: How about their previous contributions to their own pension fund, if they have any?

Mr. Benidickson: Actually I think they have been contributing, but a technical objection has been raised by the Auditor General and this will validate entry into the superannuation scheme.

Mr. Castleden: Have they been contributing to a fund of their own?

Mr. Benidickson: Before union. I understand that in Newfoundland it was noncontributory and paid entirely by the government.

Mr. Castleden: What are they doing about the financing of that? Is the Newfoundland government making any contribution to this fund?

Mr. Benidickson: We get reimbursed for the pension they would have paid, to put them on equal status with our scheme.

Mr. Castleden: Then you are getting a contribution from the Newfoundland government. Can the minister give assurance that there are not more than 30 persons affected.

Mr. Benidickson: I think that is correct.

Clause agreed to.

On clause 5—*Service countable by employee entering public service.*

Mr. Dinsdale: The minister will recall that at the resolution stage I raised the special

case of public service employees who interrupt their period of service for further study. I presume that subclause 6 of clause 5 covers the situation?

Mr. Benidickson: No, it is the next clause; clause 6, subclause 1 which gives the governor general the power by regulation, to define this matter of "immediately prior employment."

Clause agreed to.

On clause 6—

Mr. Herridge: Subclause 3 of clause 6 reads:

> defining, for the purposes of this act, the expressions "prevailing rate employee", "seasonal employee", and "sessional employee".

I presume that also includes the sessional employees of this house. I should like to bring to the minister's attention the fact that apparently there is considerable confusion amongst the sessional employees with regard to their rights so far as superannuation is concerned, the cost to them and that sort of thing. I do feel some special effort should be made by an official of the branch to get these people together and explain to them clearly what their rights are with respect to superannuation, the cost to them and so on.

Clause agreed to.

On clause 7—*Election to continue as participants.*

Mr. Benidickson: There is an amendment to clause 7 which I would ask the Minister of Fisheries to move. It is:

> That clause 7 be amended by striking out lines 10 to 14 on page 4 and substituting therefor the following:
>
> "(b) purported, by instrument in writing made within one year prior to, or within thirty days after, the period during which he was under section 40 or 41, as the case may be, entitled to make an election, to elect to continue to be a participant under part II of the Public Service Superannuation Act after the time he ceased to be employed or ceased to be such a member,"

This is a more generous provision in so far as election is concerned for death benefits. It would allow the privilege of election for 60 days after the termination of service instead of the rule that is now in existence in sections 40 and 41, which provide for only 30 days.

Mr. Sinclair: I so move.

Mr. Fleming: I wonder if the parliamentary assistant would enlarge a little more his explanation in regard to the time features. The amendment was read so quickly. Could he deal with the time features?

Mr. Benidickson: That is all that is involved in the amendment. If my hon. friend will look at the old sections which appear on the right hand side of the bill, he will note that sections 40 and 41 provide that the election must take place within 30 days, and under the new section they will have 30 days beyond what was stated in sections 40 and 41. The two added together make 60 days.

Amendment agreed to.

Clause 7 as amended agreed to.

On clause 8—*Application.*

Mr. Monteith: I wonder if the minister or his parliamentary assistant would explain the meaning of "substantially without interruption"?

Mr. Benidickson: It has been three months.

Mr. Monteith: That is considered to be a definite period?

Clause agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read a third time; now?

Mr. Castleden: By leave.

Mr. Harris moved the third reading of the bill.

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

CUSTOMS TARIFF

Hon. W. E. Harris (Minister of Finance) moved the second reading of Bill No. 448, to amend the Customs Tariff.

Mr. J. W. Monteith (Perth): This matter was dealt with, of course, originally in the minister's budget speech, and again at page 3744 of *Hansard* of May 9 at the resolution stage. I do not think there is anything further to be said on it at the moment.

Mr. E. D. Fulton (Kamloops): I have a word or two to say on this bill. It concerns the fruit and vegetable industry of British Columbia. It is very much regretted by our potato industry that the action recommended with respect to tariff protection against the importation and dumping of United States potatoes has not been taken. The minister said he would make a statement on that on his estimates. I am not going to elaborate on that. I regret it has not been done in this bill. I thought that when the estimates came around it would be too late to take remedial action this year. In the light of the situation that our potato growers face, it is a matter for great regret and criticism of the government for its failure to deal with the situation.

I also want to mention the situation confronting the soft fruit growers of the province of British Columbia. They are concerned particularly with one of their crops. They are concerned with them all, but as I understand it the most serious situation is with respect to the apricot crop. In 1955 those growers experienced a very disastrous situation, which was the subject of submissions to the government by the British Columbia fruit growers' association in that year. I have a copy of a report submitted to the members of the fruit growers' association at their convention in January, 1956, by the directors, which summarized the submissions made to the government.

It appears that in the year 1955 there was a definite situation of dumping of apricots by United States growers, particularly from the state of Washington, into the British Columbia market. In order to prove that what took place was dumping they have summarized the figures of imports from the United States into Canada over the 10 years from 1945 to 1954, inclusive. It shows that there was a total of 48,719,665 pounds of apricots imported, and the average price per pound was 8 cents over that 10-year period. But in the last few years of that period, from 1953 to 1955, there was a very marked decline in the price of apricots dumped into Canada from the United States. This submission gives the figures for two of the years. In 1953, in the month of August, 2,139,001 pounds of apricots were shipped into Canada at an average price of 4·8 cents per pound. In 1955, in the month of August, 5,917,555 pounds of apricots were dumped into Canada at an average price of 4·5 cents per pound.

Therefore, for the years 1953 and 1955 respectively the average price of the United States imports in the month of August was 4·8 cents and 4·5 cents as compared with an average price of 8 cents a pound for the 10-year period. As a result of that situation, in the month of August last year a special committee of the British Columbia fruit growers' telegraphed the Canadian Horticultural Council and asked them to make representations to the government, following which a Mr. Burrows secured an appointment on August 7 with the Minister of National Revenue and two of his deputies. The report continues:

> These men could not see any action that could be taken, either under section 38 of the Customs Act or under article 19 of the general agreement on tariff and trade, since there was no "dumping" within the definition of that word in Canadian customs legislation or in GATT.

It is strange to me that the shipment of nearly 6 million pounds of apricots in one month at a cost of 3½ cents a pound under the average price for the 10-year period could not be defined as dumping so as to allow effective action being taken. When I say "3½ cents below the average price", that figure must be taken in the light of the fact that the average price was 8 cents a pound.

Mr. McCann: Where?

Mr. Fulton: So the reduction in price for that month is in the area somewhere around 40 per cent below the average; in fact it is nearly 50 per cent; it is somewhere between 40 per cent and 50 per cent below the average price. If that does not constitute dumping within the wording of our various statutes, then I think it is high time the statutes were amended so that effective anti-dumping action could be taken.

The report continues that this representative, Mr. Burrows, the secretary of the council, met with Mr. Plumptre and Mr. Glass of the Department of Finance, and Dr. Richards, Mr. Pearsall and Mr. Abel of the Department of Agriculture, all of whom said the same thing that had been said the previous day by the minister and the officials of the Department of National Revenue, namely that no remedial action could be taken under the Canadian legislation. This was the situation with which our apricot growers were faced last year, and so far as they can tell they are faced with very much the same situation this year.

I have been asked by the policy committee of the Penticton Conservative association to lay before the committee and the minister their recommendations with regard to tariff policy and action that has to be taken to protect the fruit-growing industry of that area, as follows:

> The policy committee of the Penticton Progressive Conservative association through research has found the following:
>
> (a) The Okanagan fruit industry like many other agricultural centres throughout the country is going through a state of serious recession;
>
> (b) The situation is serious as many growers now have to look for outside employment.

I think I detected some laughter from the Minister of Citizenship and Immigration, who we understood today was happy that some of his recommendations with regard to the situation of his fishermen had finally resulted in effective action being taken by the government. I think it ill-behooves any minister of this or any other government to laugh at a serious submission made by the fruit growers of any province, or of any area in Canada. I hoped that the minister, instead of laughing, would listen to what is being said and appreciate the fact that these people are facing a really serious situation, and might therefore do what he could to have his colleagues take effective action with regard to that situation.

Mr. Pickersgill: Mr. Chairman, if I hurt the hon. gentleman's feelings I apologize.

Mr. Hees: It is not his feelings; it is the fruit growers you are insulting.

Mr. Fulton: The Minister of Citizenship and Immigration gives himself credit for more effectiveness than he has. It would take more than his laughter to hurt my feelings; but what I am seeking to point out to the committee and to the country is that when we bring up a serious situation it ill-behooves members of the government to laugh in a facetious way at the plight that faces any segment of the Canadian population. It is not my feelings I am worried about. If the minister has not the common sense to be concerned about his own feelings, then I shall leave it to others to deal with him. The submission continues:

(c) The fruit growers themselves have attempted to improve their own lot but it is felt that the main help should come from the federal government.

Of course I should pause here to say that the only effective help that can come to deal with this situation is through action under the anti-dumping provisions under the tariff legislation. The submission continues:

On the basis of the preceding paragraph our committee feels that tariff protection and more realistic anti-dumping laws should be passed by the federal government.

We would therefore suggest that:

(a) New tariff legislation along the lines as set out by the tariff committee of the British Columbia fruit growers' association be set up.

(b) Anti-dumping laws should be revised in order to protect the Canadian fruit grower.

(c) With regard to the question of the anti-dumping laws, an example of this is contained in the British Columbia fruit growers' association brief on apricots, which brief is dated August 6, 1955.

There, of course, they refer to the telegram to the horticultural council to which I referred in that portion of my remarks dealing with the efforts made through Mr. Burrows to get the government to take action.

They continue:

We would therefore suggest on the basis of the above brief that the anti-dumping laws be revised so as to take in all three fruits so that if there happens to be a surplus in the United States they will be prevented from dumping their surplus on the Canadian market to the detriment of the Canadian grower.

With regard to tariff, particularly tariff on apricots which is one cent per pound, we feel this is entirely inadequate. We feel that the tariff should be at least two cents a pound.

The argument for the increase of the tariff with regard to apricots is fully expressed in the report of the British Columbia fruit growers' association committee.

To sum up we would therefore suggest:

1. That increased tariff protection be given to the British Columbia fruit grower.

2. That the anti-dumping laws be revised in order that the British Columbia fruit grower may not have to fight unfair competition from the United States.

In placing that submission before the committee and the minister it will be appreciated that I am speaking on behalf of a long established industry which is vital to the interior of the province of British Columbia. It is not a newcomer to the field; it is one of the senior primary industries of our province and they have been experiencing increasing difficulty, particularly over the past few years, with respect to this problem of the dumping of United States surplus fruits and within that field particularly the dumping of United States soft fruits.

Not too many years ago there did seem to be a considerably more flexible arrangement whereby the government of Canada could take action in the season and could apply anti-dumping provisions. My impression is that as a result to a considerable extent of the agreements made at Geneva we have lost some of the flexibility of action which we previously had. What these men are asking is that this be restored, because the people of the United States are showing very great flexibility with regard to the dumping of their surplus products. If we are going to protect our own growers in their own markets then we have to be able to take effective action to deal with these seasonal situations.

I urge upon the government both with respect to potatoes, concerning which I have not gone into detail because the details have been rehearsed here on a number of occasions previously, and also with respect to soft fruits in British Columbia, that the tariff policy be carefully reviewed and if necessary that the legislation be revised so that the effective action which is being asked for can be taken.

Mr. McCann: Mr. Speaker, may I ask the hon. member a question. When he was comparing prices, is the price he quoted from the invoice on the United States goods with the Canadian price, the basis of his comparison, or was he comparing them with the price at which those goods were sold in the country of origin? I might state that dumping only applies when the price at which the goods were invoiced is less than the price in the country of origin. In this particular instance I would judge from what the hon. member has said that the price was comparable to the selling price in the country of origin, and therefore dumping could not be applied.

Mr. Fulton: I think the minister has summarized the situation correctly, because according to the brief I have here I gather that the domestic price in the United States

virtually disappeared, and therefore they simply threw their crop on to the market and they threw it on the Canadian market at prices about 50 per cent below what had been the average price for that crop over the preceding ten years.

Mr. McCann: In the Canadian market?

Mr. Fulton: Yes. The whole point being made is that if this is not defined as dumping so that no action can be taken, then we should have another look at our tariff laws and if necessary revise them in order that effective action may be taken to protect the Canadian market and Canadian growers against such a situation.

I would gather from what the minister has said that if they suddenly had a surplus in the United States or anywhere else and their domestic market disappeared—in other words if the price went down to virtually zero—they could flood our market by simply throwing the produce into it at salvage prices; and therefore, because the price for which the product was sold in Canada was not less than the price for which it was sold in the United States, I gather from what the minister says that nothing could be done about it.

We feel something should be done in such a situation in order that our markets and our growers can be protected against the fire sale prices or salvage sales of surplus products from the United States or any other country.

Mr. McCann: Your complaint is that you want the tariff raised?

Mr. Fulton: My request as presented in the brief is that if the government is powerless in the light of present legislation to protect our growers from that situation, then the necessary changes should be made in the law to enable them to apply seasonal protection, whether it be called anti-dumping duties or anything else, so that our growers will not be ruined by seasonal surpluses in another country whose crop is dumped on our market.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the hon. member for Kamloops has presented the difficulties and viewpoints of the soft tree fruit growers' and the potato growers fairly, accurately and I think in sufficient detail. However, I must explain that I had not been asked by the Progressive Conservative policy committee of Penticton to make representations in this house, but I had been asked by a number of growers in my own constituency who are seriously affected; and the points made by the hon. member for Kamloops are quite accurate.

[Mr. Fulton.]

The fruit grower and the tree fruit grower particularly is in a somewhat different position from any other type of farmer. He has a very heavy long-term investment in an orchard. When a crop becomes unproductive it is not possible for him to switch to another crop in the next year or even in two or three years. On the average he waits from 10 to 15 years for trees, depending on the variety, to come into full production, and therefore he suffers very severely if he finds himself affected, as he has been in the past two or three years, by this dumping situation that exists.

I believe the hon. member for Kamloops was quite correct; possibly under the present legislation it is not possible to do more than is being done at present. If this is so, then I think we should have another look at the legislation. I know the circumstances personally and I have spoken to a great many growers who have suffered very keenly in the last two or three years from this situation. I think further consideration should be given to an amendment to the legislation to meet this particular, and I think somewhat unusual situation.

I do ask the minister to give further consideration to the problems of these tree fruit growers and potato growers in British Columbia who have been faced in recent years with abnormal and unfair dumping on the part of the United States shippers.

Mr. McCann: May I ask another question, Mr. Speaker? Are the seasons about comparable?

Mr. Herridge: We are somewhat later.

Mr. McCann: Somewhat later?

Mr. Herridge: Yes, possibly two weeks on the average.

Mr. McCann: Does not the seasonal tariff meet the situation?

Mr. Fulton: When the price goes down by nearly 50 per cent all the market goes down by nearly 50 per cent, and as I understand it the seasonal tariff rates are not sufficient to take care of that drastic reduction in prices.

Mr. George H. Hees (Broadview): Mr. Speaker, the hon. member for Kamloops briefly mentioned the duty that Canadian potatoes are charged when entering the United States, and he referred to the fact that United States potatoes are able to enter Canada free of duty. This is a situation which I think is completely unfair. It is a situation which is resented very strongly by the potato growers of this country, and it is something which should be righted immediately.

It is unbelievable to me that we allow United States potatoes to come into this country free, and yet the people of the United States charge a very substantial duty against Canadian potatoes. There should be equal treatment for the potatoes going into either country. Either there should be an equal duty charged or they should both enter free, and I find it unbelievable that the government has allowed a situation like this to come into existence and to continue for the length of time it has without making any apparent attempt to right a situation which is very wrong indeed.

New Brunswick potato growers have told me that potatoes from Maine cross the border free of duty, are loaded in Canadian freight cars and shipped to Montreal and Toronto under the maritime freight rates arrangement to compete with New Brunswick and Prince Edward Island potatoes on those markets. That to me is completely unfair. I should like to have assurance from the government that this completely wrong state of affairs will be righted.

I am interested in hearing the hon. member for Kootenay East make fun of a serious presentation on behalf of growers in this country who are trying to make an honest living.

Mr. Byrne: I am making fun of you, not of a serious situation.

Mr. Hees: If there is anything to make fun of in an hon. member standing up and arguing the case of the growers of any product in this country, then the hon. member is justified.

Mr. Byrne: What about the consumer?

Mr. Hees: I take it that the hon. member for Kootenay East thinks it is fair that United States potatoes should be allowed in free while our potatoes are charged a substantial duty when entering the United States. I take from his laughter and derisive remarks that he considers that is a fair and equitable situation.

Mr. Byrne: You can make any assumption you like.

Mr. Hees: That is all I have to say on this matter, but I should like to have assurance from the minister that this completely wrong situation will be righted in the near future.

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I think when some hon. members are talking about righting situations some of us should speak for the consumer. I for one am a consumer, and as a consumer I know what prices I pay. I feel that there has not been much injustice done to many growers in this country as long as potatoes cost the people around here $8 and $9 a bag, and apples at such a high price that we have to treat them as if they were gold-plated. I should think that before this government takes any action which would raise prices to satisfy the growers in one part of the country they should think of the vast number of consumers affected.

Mr. Hees: Mr. Speaker—

Some hon. Members: Order.

Mr. Hees: There is not a—

The Acting Speaker (Mr. Applewhaite): I am afraid I must point out to hon. members that at the moment we are not in committee of the whole.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I was not intending to take part in this debate until the hon. member for Ottawa East made the statement he did. I do not know just how that comes into a consideration of this matter. Certainly we are concerned about the consumer and the price he has to pay, but on the other hand I cannot see why such an unfair measure should remain as it is at the present time. Why should potatoes be allowed to come in from the United States without any tariff against them when we cannot ship our potatoes to the United States? Certainly I cannot see any justice in a set-up like that. For six weeks of the year there is a duty on potatoes coming into Canada, but there is a duty on Canadian potatoes entering the United States all the year round. I do not think the hon. member for Ottawa East ought to get up and take part in this debate when apparently he knows so little about the situation we are talking about.

While we are on this matter I should also like to bring up the matter of dressed poultry. In British Columbia we are faced with the same situation. It has been pointed out that at times you cannot buy a Canadian turkey, even around Christmas time, because United States turkeys have been shipped in and offered for sale at a price which makes it impossible for the Canadian producer to compete.

I should like to protest and say that something ought to be done; if this government are interested at all in the processes of justice and equity they ought to get down to business and make some necessary tariff changes. A short time ago we were given to understand that the matter was under discussion. I was under the impression that the Minister of Finance had said that the matter was being considered and perhaps something was in the offing. Nothing has been indicated as yet, and I have no hesitation in rising tonight to make my protest against such an unfair

tariff that discriminates against Canadian producers in my province and other provinces as well.

Mr. A. J. Brooks (Royal): Mr. Speaker, I had not intended to take part in this debate because I have spoken on potatoes on a number of occasions in this house. I am satisfied that if the hon. member for Victoria-Carleton or the hon. member for Queens were here they would join in the debate. My constituency in New Brunswick is not a potato producing constituency, but the provinces of New Brunswick and Prince Edward Island are the largest potato producers in the Dominion of Canada.

I was very much surprised to hear the remarks of the hon. member for Ottawa East. The farmers of New Brunswick do not get $8 or $9 a barrel for their potatoes. Many times because of the importation of potatoes from the United States, farmers in New Brunswick and Prince Edward Island have been compelled in the spring of the year to dump hundreds or thousands of barrels of potatoes for which they get nothing. At other times they have been assisted in selling their potatoes to the starch factories for 50 cents, 75 cents or $1 per barrel which is much below the cost of production.

I join with the other hon. members who have taken up this matter. This duty on our potatoes is a serious matter as far as the maritime provinces are concerned, and I am surprised that the government has not given due consideration to it long before this. It is not a matter that has only recently been brought to the attention of the government. I have been in this house now for 20 years, and I think I have brought this matter to the attention of the government nearly every year in those 20 years. But nothing has been done. We want to get through this session and I do not wish to prolong this debate, but since it has not been given attention this year I hope the matter will receive the attention of the government at the next session, and that this grave injustice to the potato producers of this country, particularly in the maritime provinces, will receive the attention which it should receive.

Mr. Roland Michener (St. Paul's): Mr. Speaker, this might be an appropriate time to direct the attention of the minister to a matter of customs relating to the manufacture of small parts. There is nothing in the bill which relates to small parts, but the problem is that small parts of United States manufacture come into Canada at a minimum duty, but in reverse there is no such opportunity for Canadian small parts to enter the United States market. That problem is not being dealt with in this bill, but I want to bring it to the attention of the appropriate ministers. If we are to have a really skilled industry in this country such as would be useful in time of war and certainly would be valuable in time of peace, there must be fair trade across the border and reciprocal advantages to those on both sides.

I bring up this matter just briefly because it has been brought to my attention as a serious problem for the manufacturers of small parts.

Mr. Fleming: May I ask the minister if when closing the debate and complying with the request made by my colleague, the hon. member for Kamloops, he would also deal with the matter of the import of turkeys from the United States? The imports are increasing very rapidly over last year. The imports of turkeys from the United States into this country are many times those of exports of Canadian turkeys to the United States. Indeed, our exports of turkeys to the United States are nothing more than nominal, and the inequalities in the tariff treatment in the two countries are such as to favour greatly the importation of United States turkeys into this country. The matter has been brought up repeatedly in this house, particularly in discussion of the agriculture estimates, and surely the time has come for a statement on it by the Minister of Finance.

Mr. Harris: Mr. Speaker—

The Acting Speaker (Mr. Applewhaite): If the Minister of Finance speaks now, he will close the debate.

Hon. W. E. Harris (Minister of Finance): I think I should make a very brief reference to all three questions. I am surprised that the hon. member for Eglinton would raise the question of the turkey tariff at this time.

Mr. Fulton: Do you want him to wait until Christmas?

Mr. Harris: No. I have reconciled myself to being here until Labour day, but I have not expected to go till Christmas.

In the first place, sir, everyone seems to think that trade can be a one-way street. Everyone wants the products that he has in mind kept out of Canada and he wants the products he is producing shipped into the United States; and he expects the government of Canada to induce the government of the United States to agree to that on all occasions.

Let us consider for a moment the turkeys. At the close of the war and for a good many years after that, there was an active trade with the United States for Canadian turkeys. Through that time the United States did not raise the tariff against us on turkeys; they

accepted the situation, and we developed a turkey industry in this country beyond the expectation of most people up to that time. Now the trade has turned the other way, and they would expect us to stop the trade, even if it is only temporary, for a two or three-year period, during which time there is competition in Canada for the Canadian turkey grower.

The Canadian turkey grower has not had a surplus of turkeys in any given year; he has sold every turkey he has produced in every year to which I have paid any attention. When the turkey producers see me every year they admit that they are able to sell their product, and only once have I received representations that there was some difficulty in the price, in so far as getting their costs out of the article were concerned.

However, in addition to that, there did seem to me to be some case for consideration for turkey growers, and we took it up at Geneva in the recent negotiations. I tabled in the house two months ago the result, and that result is that the tariff on turkeys going into the United States and coming into Canada is about the same. I am a little surprised to hear anyone raise the question at this late date.

With respect to the fruit growers in British Columbia, I must say that I was not aware of the discussion with my colleague this evening, but it seems to me that my colleague has correctly interpreted the statute with respect to the anti-dumping legislation and that if, as my hon. friend from Kamloops says, there is any deficiency in that law, then it would be a matter for consideration whether we should change the law. In so far as my responsibility goes, I shall have a look at the problem he has raised.

On the subject of potatoes, may I say to my hon. friend from Broadview that he seems to be labouring under the impression that he is going to succeed the late R. B. Bennett with respect to the nature of Canada's trade. That gentleman who headed the last Conservative government seemed to think that all you had to do was stand up in the House of Commons and demand tariff changes and demand that the other countries should agree to take your suggestions regardless of what their tariff might be. In 1935, after this government came into office, we renegotiated our trade arrangements with the United States, and we made particular tariff arrangements with respect to potatoes. The potato growers of Canada have enjoyed a long period of prosperity they had not experienced under the Tory government.

Mr. Hees: Do you mean to say that the potato growers of Canada are satisfied with the arrangements in force at present?

Mr. Harris: We have seen the potato growers a few times in the past two years, and they presented to us a proposal that they would ask us to ask the United States to consider in their tariff law. That was that the United States government would reduce its tariff on Canadian potatoes but permit Canadian seed potatoes to go into the United States free and with a quota as large as was negotiated in 1935, without alteration. Anyone who looks at the potato trade from the standpoint of the Canadian producer alone would assume that was a good result, but the United States government has potato interests that it has to consider too. This request of the Canadian potato growers' association was simply that they might have access to the United States without paying anything whatever for the concession under the general agreement on tariffs and trade. Under these circumstances it would not be surprising—

Mr. Fulton: Was that not only one of their requests? Did you not at their request refer the matter to the tariff board for investigation and report?

Mr. Harris: Yes, that was precisely the presentation they made to the tariff board. That was that we should ask the United States government that they should reduce their tariff without compensation.

Mr. Fulton: That was not the only one.

Mr. Harris: That was the only one we made. That was made to the tariff board a year and a half ago. The tariff board report was made and I assured the house at the time that we would give careful consideration to it. The tariff board report indicated quite clearly that some of the problems, or in fact many of the problems, of the Canadian potato growers had to do with the production of potatoes rather than the tariff or the cost of potatoes; that every three or four years there seemed to be a cycle in which there was an excess production of potatoes, perhaps on both sides of the line, which resulted in a reduction in price, mostly because the demand could not keep pace with the supply; and that if one disregarded those particular cycles, there had been quite a good stability of price for the Canadian as well as for the United States producer.

Nevertheless there seemed to be an opportunity here for consideration of some changes, particularly having in mind the changed pattern of trade, and I indicated, I think, in my budget address that I might have something to say about this at a later time. I

might just put it in a nutshell now rather than wait for the estimates. It would not be possible for us to induce the United States government to change its tariff in accordance with the requests of our potato producers. It is too much to expect that we would be given greater access to the United States market without paying something in compensation under our treaty arrangements. However, there may be other means whereby we can meet the requests of the potato producers at least to some extent. We have been considering that and shall continue to do so.

At the moment, as my hon. friend from Ottawa East has said, the matter is not very pressing, though I recognize that it might be on a future occasion. Nevertheless, the policy of this government is and will continue to be to make the best possible trading arrangements with our neighbours and with other countries, and not to resort to blasting ourselves into markets and destroying them all at the same time.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Schedule A amended.*

Mr. Fulton: In view of the minister's last remarks on potatoes and the reference to the tariff board, I think something more should be said. I was going to leave the detailed discussion to the minister's estimates, but I suggest—I am sure it was unintentional—that the minister has entirely misconstrued and therefore misrepresented the effect of the submission made to the tariff board and the request of the potato growers of Canada out of which that submission grew.

The minister said that their request was that we should make representations to the United States government to permit our potatoes greater access to the United States market. I must say that was a part of the submission, but the main point the potato growers had in mind was that we should have additional protection in Canada against the flooding of our markets by United States potatoes. It was that aspect of the submission that the minister entirely failed to deal with tonight. I know I am accurate because I have here a copy of the report of the tariff board on reference No. 117, having to do with potatoes. They quote from the minister's own letter to them as the result of which consideration was undertaken. They say as follows:

> The letter from the Minister of Finance, dated April 22, 1955, directing the tariff board to conduct the inquiry which is the subject of this report, was as follows:
>
> "I have received numerous representations to the effect that there has been a significant increase in imports of potatoes in recent years"—

[Mr. Harris.]

There is nothing there about difficulty in getting into the United States market. It refers to imports of potatoes into Canada.

> —"and that this has caused serious concern among Canadian potato producers."

There is nothing there either about excessive production of Canadian potatoes. The whole problem that we were discussing earlier was the flooding of the Canadian market by surplus crops from below the border.

Mr. Harris: May I interrupt my hon. friend. Of course I understood that was the basis of the whole argument, but the Canadian potato producer did not want to abandon the favoured position he had in the United States market with respect to certain quota arrangements for the export of seed potatoes.

Mr. Fulton: It was not on the quota arrangement; he was asking for somewhat similar protection as the American market has against general Canadian imports.

Mr. Harris: That is quite true. I am sorry if I did not make it clear that the request was that we should retain the advantages we have in the United States market and close the Canadian market to them to a great extent without paying compensation.

Mr. Hahn: Am I to understand from the minister's last remarks that it is not a fact that the Americans are buying our seed potatoes because they need seed potatoes and we are the only suppliers of seed potatoes at this time?

Mr. Harris: I quite agree with my hon. friend that the Americans need our seed potatoes, but when we asked the potato producers' association in the course of these negotiations if they wanted to risk that advantage they were a little careful in their answer.

Mr. Hees: Mr. Chairman, the Canadian poato producer is not asking for any special kind of arrangements in dealing with the United States. He is simply asking that Canadian potatoes going into the United States receive the same treatment as United States potatoes receive coming into Canada. That is a very fair submission. That is not the situation today. As I understand the minister's rather lengthy and involved explanation, he believes that the present situation is quite satisfactory. It is not satisfactory, and it is not satisfactory to any fair-minded person. Canadian goods going into another country should receive the same kind of treatment as we are willing to give their goods coming into Canada.

Mr. Harris: I do not want to pursue an argument with my hon. friend, who apparently feels that all tariffs should be equal. If

that is the case, all I can say is that there are a good many exporters in this country who would not support him in the next election.

Mr. Fulton: I am not going to take the time to summarize the tariff board report, but their report makes it clear that they recognize there is a very serious situation confronting Canadian potato producers with respect to the flooding of the Canadian market by United States potatoes. Apparently, however, we are to assume that the government does not intend to do anything about it.

Mr. Harris: I concluded my lengthy and rather involved explanation by saying it was a matter on which I thought something might be done and that we would consider it.

Mr. Hahn: Would the minister indicate which of the potato-growing associations was not prepared to accept a change in the tariff in lieu of what they might lose with respect to seed potatoes?

Mr. Harris: I would rather not do that. I think we have had quite substantial agreement among all those with whom we have been dealing as to what we might or might not do, and I do not think it would be of any assistance to the potato-growing industry if we went into any detail.

Mr. Benidickson: Some hon. members have asked me whether or not the schedules to the bill now before us involve any changes in rates or wording compared with the schedules that were passed by the house in committee on the resolutions on Wednesday, May 9. I want to assure them that in every respect the schedules are the same as appeared in *Votes and Proceedings* of May 9.

Mr. Fleming: Will the parliamentary assistant add that these tariff changes have nothing to do with the recent agreement to amend the general agreement on tariffs and trade?

Mr. Benidickson: No, they are not involved.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

Schedules A to D inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Harris: Mr. Speaker, some time ago I was asked what we would do this evening if we ran out of legislation and I suggested that we would be free to go on with the small loans bill. If it would meet the wishes of hon. members, we could do that now.

Some hon. Members: Agreed.

SMALL LOANS ACT

AMENDMENTS RESPECTING COST, LICENCES, REPAYMENT, ETC.

The house in committee on Bill No. 51, to amend the Small Loans Act.—Mr. Harris—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Cost.*

Mr. Cameron (Nanaimo): Mr. Chairman, I have one or two things I should like to say on this bill. I do not want to take much time, but there are some things I think should be said about it. In the first place I want to express my satisfaction—in fact, I might go so far as to say my relief—that this bill has finally reached the floor of the House of Commons for third reading. I wish it had gone further in some aspects. I wish it had been in its original form. I think we may have unplugged one of the loopholes that was plugged in the original bill and that this may cause us trouble in the future, but I am sure the fact that it has been passed substantially in the form in which it was given second reading in the house is a matter of considerable satisfaction to most members.

But I do think, sir, that the situation that was revealed during the hearings on the bill in the banking and commerce committee is something that should receive the very greatest concern of all members of the house. I have a feeling that, while this measure will perhaps curtail at least some of the possible abuses in consumer credit operations, nevertheless the situation in that field is, I think, almost alarming.

The figures produced recently by the Bank of Canada show what the situation is. I have been putting down in short form some of the significant statistics released by the Bank of Canada in its statistical summary, and I find that consumer credit between March 31, 1955, and March 31 of this year, on selected items, increased from $1,776 million to $2,128 million, an increase of 20 per cent. At the same time and during the same period, personal savings increased only from $5,226 million to $5,865 million, an increase of only 12 per cent. Labour income during the same period increased only some 10 per cent. Net profits after taxes by corporations, however, increased 28 per cent in the same period.

I think, sir, these figures present a picture that should cause grave concern to most responsible Canadian citizens. It is quite useless for us to scold the citizens of Canada, or so many of them, who are indulging in this consumer credit spree at the present time, and tell them that they should moderate their demands on our economy and on our society. We sometimes forget, I think, that

the yardstick of what is a desirable or an acceptable standard of living is a yardstick that is constantly changing, constantly increasing in our economy; and that while we may perhaps congratulate ourselves that practically every family in Canada can, if it wishes, get enough to eat, enough to clothe itself and possibly enough living accommodation, if it is prepared, in the case of many of them, to forgo altogether all hope of having a vast variety of things held in front of their eyes seven days a week as not only desirable but as absolutely necessary if they are going to classify themselves as decent citizens at all. The consequence is that the real income of a vast number of people is no longer sufficient to meet these demands for the rising standard of living which is displayed in front of their eyes. Then we get this ballooning of consumer credit, which I think produces at the present time a very dangerous situation.

During one of the hearings of the banking and commerce committee last week a very distinguished parliamentarian from the other place pointed out to us that there are some very dangerous and sinister parallels to be drawn between this consumer credit situation today and the situation that existed in 1929, though he was careful to point out that the parallel should not be pressed too far. I do think, sir, that now that we have, as I say, plugged some of the loopholes and have placed some curbs on possible abuses, we should deal with the fundamental issue, the necessity of a vast number of Canadian citizens having access to a much larger income than they have at present. Unless they do, then this situation is going to get continually worse as our gross national product goes up by leaps and bounds, as the disparity between the percentage increase in profits, personal savings and personal incomes continues to get wider and wider, as it has done in recent years.

Just in case any member wants to console himself by thinking that measures have already been taken to cope with this situation and we are levelling off, I may say that is an entirely false impression. The last jump from March 31, 1955, to March 31 this year has been the largest jump, not only absolutely but in percentage. The matter is getting steadily worse, and this parliament will eventually have to deal with it much more fundamentally than in the bill which I have great satisfaction in supporting tonight, although as I say I wish it had been in the form in which it was originally presented to this house.

Mr. Holowach: We have made considerable progress today, and I do not want to be accused of stalling further progress so my remarks will be very brief. We all recognize that it is in the public interest to enact legislation that will protect the person who may be obliged to seek a small loan from being forced to pay an excessive amount of interest to the lender. Unfortunately the common practice of money lending has not in the past been without abuse. It should always be our aim to eliminate the unscrupulous money sharks who prey on the distress in which people sometimes find themselves. I believe, in any consideration of the problem, we should try to enact legislation that will be fair to the legitimate licensed lender in order that he may provide services which are needed, and therefore make it unnecessary for people to seek out the operator who works illegally.

I suppose it was to effect that purpose that the bill, in its original form, was sent to the banking and commerce committee. This was to allow a study of the terms of the original act and give an opportunity to make it more equitable. I was not a member of that committee from the very beginning. My membership started quite late in the hearings. Nevertheless I received some very astonishing impressions. The consumer credit of our country has reached an all-time high.

I noticed an item in *Business Week* of August 4, 1956, in which it is stated that personal income in the United States for June stands at $324 billion, and that 63 per cent of the United States families have debts. It seems to me that indicates very strongly that today people just have not enough money. It should be the objective of our fiscal policies to try to leave more of that purchasing dollar in the pocket of the average Canadian. Unfortunately the taxation laws of the country at present remove too much of that purchasing power. As indicated by the previous speaker the rates of interest called for in the bill will bring some relief to the small borrower. I cannot agree that they will seriously damage the business of the licensed operator.

I should like to see the chartered banks of Canada get into this field to a greater extent. While it may not be as profitable for them as other fields, I believe they ought to realize they have a great stake in the economy and well-being of the people as a whole. The availability of small loans, I believe, is a help to mass markets and the support of mass production, and it is in loans to this latter field that the banks do make substantial profits. I should like to see, therefore, some inducement given the chartered banks to operate to a greater extent in the small loans field.

Clause agreed to.

Clauses 2 to 9 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time; now?

An hon. Member: By leave.

Mr. Harris moved the third reading of the bill.

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

Mr. Harris: Mr. Speaker, the only item remaining on the order paper for today is the Indian Act. I am wondering whether the house could take until eleven o'clock to consider it?

Mr. Green: We would have no objection to the minister making his statement and then for the debate to be adjourned.

INDIAN ACT

AMENDMENTS TO PROVIDE FOR CHANGES IN ADMINISTRATION, AMOUNT OF LOANS, ETC.

The house resumed, from Tuesday, July 24, consideration of the motion of Mr. Pickersgill for the second reading of Bill No. 439, to amend the Indian Act.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, when I made the first part of my presentation on this subject at about a quarter to ten one evening some little time ago—I think it was July 24—I said there was only one other aspect of the bill that I wished to say anything about. It would not have occurred to me to say anything about it if it had not been for some of the observations which were made at the resolution stage in anticipation of the bill, when it was suggested, because in one or two places—as a matter of fact I have made a count of them and I think there are five—in the present bill the minister is substituted for the governor in council, that this was an attempt to make constitutional changes that might be either detrimental to the Indians or derogatory to the proper control which parliament has over the ministry.

So far as the effect on the Indians may be of any of those changes, I think hon. gentlemen would very quickly see that they all relate to very minor matters about which it is just not conceivable that the governor in council would in fact take a different view from the view taken by the minister. But because the question was also brought up in other contexts in this present session, and because it does seem to me to have some real importance for the future of our parliamentary institutions, I do want to take a very few minutes to explain to the house why certain powers are transferred to the minister in this bill and why it has been done in some other bills that over the last few years have been presented to parliament.

In the first place, it does not seem to me that there is any valid argument for the proposition that there is the slightest diminution of ministerial responsibility to parliament, if a minister is empowered to do something rather than the governor in council. In fact an argument could be made that it really increases the responsibility to parliament because it identifies in inescapable fashion the person who really is responsible and the person who can be called to account. The responsibility of the governor in council is, I admit, both an individual and a collective responsibility. But the responsibility of the minister, when the power is given to the minister by parliament, is a purely individual responsibility, and nobody but the minister in question can be blamed if the action taken under the powers given to him by parliament is an action of which parliament does not approve, or of which any member of parliament does not approve. It places the responsibility, in other words, squarely on the shoulders of the minister.

This subject is not a new one. As long ago as 1912 Sir Robert Borden, one of the Canadian prime ministers for whom I have always had a great admiration and a great respect, engaged a very distinguished British civil servant, who had been at one time a private secretary to Mr. Gladstone when he was prime minister of Great Britain to make a report upon the executive government of Canada and the way in which it was carried out. There is not much doubt that a good many improvements in our executive procedure would have been carried out long ago if the first world war had not intervened and this report of Sir George Murray had not been sidetracked.

Because this report so completely justifies the course taken in this bill and in other legislation that has already been before parliament, and I hope will be found in many bills that will come before parliament in the future, I should like to read to the house the first part of the report which was made by Sir George Murray to Sir Robert Borden. He was not Sir Robert Borden then; he was Mr. Borden on November 30, 1912. The report begins in this way:

> The Right Hon. R. L. Borden, K.C.,
>
> Prime Minister.
>
> Sir:
>
> I have the honour to inform you, that so far as the time at my disposal will permit, I have completed the inquiry, with which you were good

enough to entrust me, into the organization of the public service of Canada; and I beg to submit the following report.

(2) At the outset I may perhaps be allowed to say that no one can be more conscious than I am how little weight any views of mine on this subject are entitled to carry, owing to the difficulty of forming a judgment on matters depending so largely on local conditions and local sentiment, the effect of which cannot be fully realized without a prolonged stay in the country. I ought, however, to add that while there are some points to which I should have been glad to give more attention if time had permitted, there are others on which I think it is unlikely that my conclusions would have been affected by further consideration.

(3) I propose to deal with the questions referred to me in the order in which they stand in my instructions.

I. The methods employed in the transaction of public business.

(4) My suggestions under this head will be confined almost exclusively to the functions of ministers and the possibility of affording them relief, leaving for a later portion of the report some other questions of departmental organization.

(5) Nothing has impressed me so much in the course of my inquiry as the almost intolerable burden which the present system of transacting business imposes on ministers themselves. They both have too much to do and do too much.

And I do not think it is any less true in 1956 than it was in 1912. I continue:

(6) Speaking broadly, it may be said that every act of the executive government, or of any member of it, requires the sanction of the governor in council which, under present practice, is identical with the cabinet.

(7) The number of these orders in council averages from 3,000 to 4,000 per annum,—

That was in 1912. The report continues.

—and their subject matter ranges from questions of the highest importance, such as the approval of a treaty with some foreign power, the disallowance of provincial legislation, the appointment of a judge, or the exercise of the prerogative of mercy, down to the acceptance of a tender for the erection of a pump, the promotion of a clerk from one grade to another, and the appointment of a lighthouse keeper or an excise man.

(8) Almost every decision of a minister, even of the most trivial importance, is thus—at least in theory—brought before his colleagues for the purpose of obtaining their collective approval, which is necessary for its validity.

(9) Provisions to this effect can be traced in almost every act of parliament which has been passed since confederation; and it seems clear that the statesmen of that time thought it necessary to ensure that the collective responsibility of the cabinet for the action of individual ministers should be protected by safeguards of this kind.

(10) But I need scarcely point out that a great deal has happened since 1867—

And I might add a great deal more has happened since 1912.

—and the methods of administration which may have been well adapted to the circumstances of those days have become quite unsuitable after the lapse of nearly half a century.

And that half century has now grown to 89 years.

(11) With the increase of population, the extension of trade, and the development of the

[Mr. Pickersgill.]

various activities of the state, the business of government necessarily grows both in amount and in complexity.

(12) The only means by which this growth can be met is by division of labour and devolution of power. In the absence of some continuous process of this kind the machinery of government must gradually become less efficient and must ultimately break down under the stress imposed upon it.

(13) Many topics which, in the early stages of national life, may properly form the subject of collective discussion and decision, will in the course of time diminish in relative importance, and must be dealt with in some more summary fashion.

Before reading the next paragraph I might remind hon. members that this was written in 1912. I continue:

(14) The first suggestion which I have to offer is that many of the powers now vested in the governor in council should, by some process of devolution, be transferred to individual ministers. At times mistakes will no doubt be made.

Of course this was written in 1912.

Mr. Fulton: It has been proven true in 1956.

Mr. Pickersgill:

These mistakes will occasionally be inconvenient to the administration—

The hon. member for Kamloops would doubtless agree with that.

—and it may be conceded that some of them are such as might have been avoided by fuller discussion or consideration. But these are risks which must be run, and which are inherent in the working of any highly developed organization. Under present conditions it is practically impossible that all ministers should take part in all decisions.

(15) Legislation would, of course, be required in order to effect such a change, since the duties to which I have referred are imposed on the governor in council by statute; but the legislation, though complicated in detail, would not be likely to raise many questions of a controversial character.

I think Sir George Murray on this point underestimated Canadian party politics, and perhaps he also underestimated the paucity of real issues which the opposition could bring up against the government.

Mr. Fulton: Your party was in opposition in those days, so of course you are probably right; in 1912.

Mr. Pickersgill: No. As a matter of fact the hon. gentleman is historically wrong. My party was in office in those days, and I was a supporter of Sir Robert Borden.

An hon. Member: At the age of four.

Mr. Hees: Whoever is in you are supporting, eh Jack? The jumping Jack supreme.

Mr. Pickersgill: Mr. Speaker, I think I can say that I understand what I am supporting, and I doubt if the hon. member for Broadview can say that.

Mr. Hees: You certainly do understand, because you are supporting whoever is in power and can give you a job.

Mr. Sinclair: The big potato expert is heard from.

Mr. Pickersgill: Mr. Speaker, if I may be permitted to continue with this letter to Sir Robert Borden.

Mr. Hees: You started it.

Mr. Pickersgill: I continue:

> It would I think be generally conceded that a minister should be able to give leave of absence to the officers of his department; to grant statutory increases of salary; to sanction the acceptance of tenders, except where very large amounts or questions of principle are involved; to make appointments to vacancies; and to promote the clerks in his department from one class to another.
>
> I only mention these as illustrations of the general character of the changes proposed. There are many others which will readily occur to any one who will examine the details of the existing system.

Now, sir, there have been a few useful changes made in recent years. The most important of these changes, I think, was the passing by this parliament of the Financial Administration Act, which did provide that many of the functions which were formerly performed by the governor in council and which imposed an utterly intolerable burden of purely routine work upon—not really the whole cabinet after the beginning of the war of 1939, but upon a large number of ministers—could be discharged by the treasury board and in many cases could be discharged by a very small committee of the treasury board.

What the effect of that change has been can be illustrated when I remind hon. members of what they no doubt know already; that in the year 1951 there were 6,874 orders in council passed in Canada and 10,066 orders of the treasury board, and in the year 1955 there were 1,847 orders in council and 2,116 minutes of the treasury board.

This does not mean that the government did less business in 1955 than in 1951. It does mean, however, that the work was done with a great deal more efficiency because of an enactment of this parliament about which I think there was very little controversy.

When one comes to look at the difference between the practice in Canada and the practice in the United Kingdom it is evident that we still require the governor in council to do an enormous amount of work which in the United Kingdom is entrusted to individual ministers. I had a look at the statistics for the United Kingdom for the year 1954, the last year for which figures are available here, and they had 1,761 statutory instruments which were issued in the year 1954. Of that total of 1,761 there were 102 orders in council, of which 38 related to colonial matters. In other words out of a total of 1,761 much less than 10 per cent were orders in council.

In 1954 we in Canada had 705 statutory orders and regulations, a considerably smaller number than the British had, though hon. gentlemen opposite are always fond of talking about our having government by order in council in Canada. Of our 705 statutory orders and regulations 478 were orders in council, and I think that number is still too great.

I believe it would be very desirable if we could go on and make more progress along the road that Sir George Murray pointed out to the Borden government in 1912, and the very modest step in this direction in the present bill is one that I am not in the least ashamed of because I think it is moving in the right direction.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I think the arrangement arrived at was that the minister would complete his statement and then the debate would be adjourned, and it will therefore be my intention in a moment or two to move the adjournment of the debate. In the meantime perhaps I might just speak for a moment in connection with the last part of the minister's remarks tonight.

That of course the hon. gentleman speaks with a knowledge which dates back beyond the time he actually entered the cabinet is undeniable. I might also say—and I say this seriously and in a friendly way—that the hon. member is never more interesting or more serious than when he is discussing matters of this kind relating to the administration of the government or of the governor in council; but I might also add that the hon. gentleman is never less interesting or less effective than when he stops a stimulating discussion and interpolates his political remarks. However, I suppose that is a temptation to which we are all prone to yield.

Mr. Pickersgill: We are politicians, after all.

An hon. Member: Well, some of us are.

Mr. Fulton: As I say, the hon. gentleman speaks with an authority which for obvious reasons I cannot bring to bear upon this subject; and when he says there were 478 orders in council—

Mr. Pickersgill: Statutory orders.

Mr. Fulton: —he refers to those of a nature requiring the collective decision of the cabinet, I take it.

Mr. Pickersgill: Perhaps we could get this straight at this point. The total number of Canadian orders in council in 1954 was 2,081. Of that number 478 were orders that were published in the statutory orders and regulations as having statutory effect. There was a total of 705 statutory orders in 1954 and the rest would be ministerial orders or orders of the boards and commissions.

Mr. Fulton: I am not quite sure I fully understand this, but am I correct in concluding that the 475 are those which would be approved by the governor in council?

Mr. Pickersgill: There were 2,081 orders in council approved by the governor in council, but of that number only 478 were statutory orders, the others covering appointments and things like that.

Mr. Fulton: I think I had better defer any further remarks on this until I have an opportunity to study the figures. I would therefore move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, I understand that tomorrow evening at ten o'clock the chamber will be used by the C.B.C. for certain purposes. I am just saying this to remind hon. members that it will not be possible to sit past ten o'clock tomorrow evening and therefore I know they will give more careful consideration to the expedition of business during the daytime.

An hon. Member: What do you mean?

Mr. Harris: We have not done too much today. Tomorrow we shall continue the debate on the Indian Act, then take the excise tax resolution and then estimates of the Department of Citizenship and Immigration.

Mr. Green: Will there be legislation to implement the tax agreement between Canada and the United States?

Mr. Harris: I am not in a position to let my hon. friend know now, but perhaps I shall be able to say tomorrow.

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

ANSWERS TO QUESTIONS

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

C. B. C., VANCOUVER—LEGAL ADVISERS

Question No. 568—**Mr. Low:**

What are the names and addresses of the legal advisers to the Canadian Broadcasting Corporation in the city of Vancouver, British Columbia?

Answer by: **Hon. J. J. McCann (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises as follows:

The Canadian Broadcasting Corporation employs or retains no legal advisers in Vancouver, British Columbia, but has, on occasion, in Vancouver as elsewhere, engaged the services of different legal firms for assistance in the conduct of its business.

HOUSE OF COMMONS—USE OF FLAG ON MAY 25

Question No. 582—**Mr. Stuart (Charlotte):**

1. Has the Minister of Public Works concluded the investigation in connection with the ownership of the flag used by the hon. member for Hamilton West to drape the desk of the hon. member for Eglinton in the House of Commons on the afternoon of May 25 last?

2. If so, whose property was the flag?

3. By whom, and for what purpose was it requested, and from whom was it obtained?

4. Was the request for the flag made previous to 4 p.m. of May 25? If so, at what time?

5. Has the flag been returned to its owner, and, if so, when?

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

1. Yes.

2. The red ensign was the property of the House of Commons.

3. It was requested by the office of the Leader of the Opposition for a "party". The flag was obtained from the assistant chief of equipment and purchaser, House of Commons.

4. The request for the flag was made at 12.20 p.m. (noon), Friday, May 25, 1956. It was delivered to the office of the Leader of the Opposition at 1 p.m. on the same day.

5. The assistant chief of equipment and purchaser went to the office of the Leader of the Opposition at 9.30 a.m., May 28, 1956, and recovered the flag.

HOUSE OF COMMONS

Tuesday, August 7, 1956

The house met at eleven o'clock.

INDUSTRIAL RELATIONS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. G. E. Nixon (Algoma West) presented the first report of the standing committee on industrial relations, and moved that the report be concurred in.

Motion agreed to.

HOUSE OF COMMONS

YORK SOUTH—INQUIRY AS TO DATE OF BY-ELECTION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Prime Minister whether the government has as yet summoned the courage to call a by-election in York South so that the people may have an opportunity to be represented in the house, instead of having a vacancy that has continued now since last March?

Right Hon. L. S. St. Laurent (Prime Minister): It is not a question of courage; it is, as I stated the other day, the question of the convenience of the public about an election. There could not be an election held —at least I do not think there could be an election held—that would enable that constituency to be represented at this session of parliament, and there will be plenty of time to have it represented at the next session of parliament.

[*Later:*]

On the orders of the day:

Hon. W. Earl Rowe (Acting Leader of the Opposition): Mr. Speaker, in view of the answer given by the Prime Minister to the hon. member for Eglinton, I would like to ask him if his statement to the effect that there will be plenty of time for the by-election in York South before the next session means that we will not have a general election before the next session?

Mr. St. Laurent (Quebec East): Mr. Speaker, if there is a general election it will be announced in due course.

REPORTED ISSUANCE OF INSTRUCTIONS FOR GENERAL ELECTION

On the orders of the day:

Hon. Roch Pinard (Secretary of State): Mr. Speaker, on August 1 the hon. member for Peterborough (Mr. Fraser) asked me the following question:

Have the returning officers been instructed to send out notices to members to get their enumerators in within 30 days?

I am informed that no instructions have been sent to returning officers by the chief electoral officer to obtain within 30 days the lists of names of persons to be nominated to act as urban enumerators.

The names of persons nominated to act as urban enumerators need not be given to returning officers until after the writs ordering an election are issued.

NATIONAL REVENUE

LETHBRIDGE—REFERENCE TO COMMUNICATION FROM F. G. HOLBERTON

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to direct a question to the Minister of National Revenue, notice of which I have not previously sent him. Has the minister noted that in the letter to which I referred in my question yesterday Mr. Holberton, giving reasons, suggests that the minister postpone the closing of the Lethbridge income tax office until after the minister will have caused a thorough investigation of the whole situation in the Lethbridge area, including contiguous areas in southern British Columbia, such investigation to be conducted by persons other than income tax officials?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I checked up this morning and I have not yet received the letter from the gentleman in Lethbridge. The matter has been fully investigated. A decision has been made to close that office at the end of August, and I see no reason for further consideration.

Mr. Blackmore: Mr. Speaker, I shall be glad to send the minister a copy of my copy of the letter.

Indian Act

INQUIRY FOR RETURN

LOW LEVEL BRIDGE, BURLINGTON, ONT.

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I wish to direct a question to the Minister of Public Works. I would like to ask the minister when the notice of motion for production of papers, No. 80, passed as an order for return on May 21, will be tabled. It was for a copy of the original agreement with the province of Ontario or other authorities regarding the maintenance of a low level vehicular and pedestrian bridge over the Burlington channel.

I might add that in referring to the original agreement I mean the agreement for the original and first bridge that was put over that channel years ago.

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, as I have already said there is no record of any written agreement. There is a return that has gone forward to the Secretary of State, and I presume he will table it in due course.

INDIAN ACT

AMENDMENTS TO PROVIDE FOR CHANGES IN ADMINISTRATION, AMOUNT OF LOANS, ETC.

The house resumed, from Monday, August 6, consideration of the motion of Mr. Pickersgill for the second reading of Bill No. 439, to amend the Indian Act.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, this bill has already had considerable discussion on the resolution stage and the minister has made a fairly extensive statement on the motion for second reading, so it should not be necessary to cover a lot of ground at this point. I would like to make it clear at once that we are opposed to the second reading of this bill because we do not consider that it meets the desires of the Indians or the requirements of the situation. There are three main grounds on which we think the bill falls short of what is desirable.

The first of these is with respect to its handling of the liquor situation in so far as the rights of Indians to obtain liquor are concerned. Our objection here in the main is that the dominion government appears to be avoiding its responsibility for a decision as to whether or not the franchise with respect to liquor should be extended to Indians. I have read carefully the minister's statement as reported at page 6408 of *Hansard*, and I refer particularly to the passage reading:

> We are providing for a provincial initiative which would make it possible for the Indians in a province to be brought under all the liquor laws of the province, but the initiative would have to be taken by the provincial government.

Mr. Pickersgill: I am sure the hon. gentleman does not want to misrepresent the situation. That is only one of two alternatives.

Mr. Fulton: Yes. I shall now complete the paragraph in order that there will be no suggestion of unfairness. I continue:

> There is this further proviso, that any band which by a majority of its membership decides not to come under the general law could establish a form of local option on the reserve.

The minister went on to mention this second proposal which would allow the band on a particular reserve to take the initiative. We realize, of course, that there must be consultation with the provincial governments because I think without exception the provincial governments have liquor legislation of their own laying down the circumstances under which residents of the province may obtain liquor.

I am not suggesting for a moment that the dominion government should pass legislation with respect to the right of access of Indians to liquor without consultation with the provinces, but we do suggest that this government must accept the responsibility, without seeking to pass it on or evade it, for deciding whether or not Indians are to have access to liquor. Once having made that decision then of course it must be implemented, whichever is the decision, in a manner agreeable to the provinces. But we do not consider it is sound in principle that while Indians are the wards and responsibility of the government of the Dominion of Canada, the main responsibility for the decision as to whether or not they should have the right of access to liquor should be passed on to some other government. For that reason we think the provision in the present legislation is undesirable.

The second main ground of criticism of the legislation is that once again the government has allowed the opportunity to pass for making provision for appeals by Indians from decisions of the minister or of the governor in council affecting Indian rights. This is a matter to which the Indians attach a great deal of importance. Indian associations, as well as associations of white persons having particular interest in Indian welfare all across Canada, have for years been urging that the act should be amended to provide that where a decision is made which affects an Indian with respect to his status as an Indian or which affects an Indian with respect to his

right to or interest in property on the reserve, whether it be real or personal, that decision should be subject to the right of appeal to the courts of the land.

In the past we have expressed our agreement with the principle now sought to be followed by the department, that is that Indians should gradually be brought to a level where they are admitted to citizenship. This is an educational process; this is a gradual process. One of the most outstanding fields in which Indians do not as yet have the same rights as white citizens is this question of the right of access to the courts. It does seem to us to be contradictory to the principle which the department states it is following to continue to deny to Indians that right of appeal.

Reference was made in the discussion on the resolution stage to a submission by the Indian association of Alberta dated January, 1956. I think special importance should be attached to this submission. The submission was thoroughly reviewed by a solicitor who acts in the capacity of friend and adviser to this association and to the Indians. This is a well-considered and well-reasoned brief, one of the opening passages of which is as follows:

> We are strongly advised also to work to get this appeal clause added.
>
> "In any section of the Indian Act where the minister's discretion or that of the governor in council is exercised in any manner which an Indian or band of Indians feels is inequitable, there shall be an appeal from that decision to a judge of the supreme court of the province where the Indian or band of Indians is located."

There has been widespread support for that principle. It is not, however, incorporated in the bill. The bill leaves unchanged the present situation, which denies Indians the right of access to courts. When changes as extensive as these are being made in the Indian Act we believe this one should also be included, and for that reason we intend to move an appropriate amendment in the committee stage.

I should also mention something that I omitted to say when dealing with the question of liquor and the way in which it is dealt with under the bill. This same Indian association of Alberta has made a very critical finding with respect to that matter. In paragraph 5 they say, with regard to the general question of liquor and the effect of the present legislation:

> The Indian association of Alberta has asked good legal advice on this. We are told that Ottawa is now asking the Indians to break this rule. Ottawa is not willing to run the risk of doing its own breaking. You are being given the chance to do it against yourselves. Are you willing to start breaking the treaty?

Mr. Pickersgill: Could the hon. gentleman give the date of that submission?

Mr. Fulton: It is dated January, 1956.

Mr. Pickersgill: That is long before anybody had ever seen the bill.

Mr. Fulton: One of the criticisms we have heard and to which I was intending to refer in concluding is that there had not been adequate consultation with the Indians themselves as to the effect of the legislation and as to its contents, and what the minister has said seems to me to indicate that this is a well founded criticism.

The third ground on which we criticize the bill is that in many cases the act is being changed to provide that whereas formerly decisions affecting Indians were to be taken by the governor in council, they are now to be made by ministerial order. This subject was discussed in some detail by the minister last night, and he presented us an interesting summary of his views and of the history of the situation, the effect of which was that there are so many matters of small administrative detail that come before cabinet for decision that unless there is some review of the whole situation made and a conscious attempt to cut down on the number of decisions required by order in council, then in effect the administrative machinery of cabinet will bog down in a welter of detail.

It may well be that there is very real substance to what the minister has said, but with one item I was not particularly impressed: the argument about the time necessary to deal with this mass of orders in council. The minister read us a very interesting and very sound memorandum, it seemed to me, by Sir George Murray, based on a study he made in 1912, and he pointed out the growth in the number of orders in council since that day. I hope the minister will permit me to point out to him that the answer might also be advanced that the salaries of cabinet ministers have also been considerably increased since that day.

Mr. Pickersgill: The number of hours in a day has not.

Mr. Fulton: These gentlemen accept gladly the office to which they are called. Whilst no one would want them to carry on in a manner which is bound to be inefficient, it seems to me that the argument of the hardship imposed on ministers is perhaps not the strongest argument that could be advanced. The minister himself referred to the situation regarding treasury board. Many of those decisions which previously had to be taken by the full cabinet are now taken by treasury board, which is in effect a committee of cabinet.

This of course is a very sound administrative procedure. If it is found in fact that

the volume of orders in council is such that it is just not physically possible to deal with them in full cabinet, why not enlarge the system which resulted in the establishment of treasury board and have a committee of cabinet so that a committee, of whatever size might be convenient, would review the recommendation which must, of course, come first from the department, from the minister concerned, and if the committee were satisfied that the recommendation was sound it would then so report to the full cabinet, with the result that when these orders in council came before the cabinet the main question to be asked would be: Does the committee approve? If the committee approved, then I fancy it would follow automatically that the cabinet as a whole would approve the order in council.

But, sir, I realize that one who has had any firsthand knowledge of the problems of the cabinet must, in fairness, accept the word of the minister that this is a very real problem and that it is time that some serious consideration was given to it. I believe the suggestion I have just made would be one way of meeting it, at least partly. Whether or not the suggestion is sound, we believe that the Indian Act is the wrong act to begin with, the wrong act with which to start to take away responsibility for decisions from the governor in council and vest it in the minister.

The Indians are in a unique position, and this is probably true not only in Canada but throughout the world, in that they are the responsibility, the wards of the dominion government. Their whole situation and welfare, to a degree not equalled in any way by the white citizens of this country, are dependent upon the policy and administrative decisions taken by the government, and in many respects they are unable to defend themselves against injustices, real or fancied, which follow from those decisions.

Therefore I believe it is only proper to suggest, since the decisions made have a unique significance in their bearing on the welfare of the Indians who are the responsibility of the government, that these decisions be made and the responsibility for them be accepted in name as well as in fact by the governor in council, that is the government as a whole, instead of by one minister. This is a matter to which again the Indians attach particular importance, and if we are trying to gain their confidence, trust and respect in the efforts being made to bring them up gradually to full citizenship, then it does seem to me that it would be a seriously mistaken policy at one fell swoop and in an amendment to the Indian Act of this sort to provide against their own expressed wishes that these decisions shall be made at the ministerial level instead of at the level of the governor in council.

That is not the way to gain the confidence of the Indians. However inconvenient it might be, we submit in all seriousness that from the point of view of the larger interest and the larger picture the government should accept that inconvenience because of the good results which will flow in building up mutual trust, respect and confidence between the government and the Indians.

To summarize, we believe that provision for decision on Indian matters by the cabinet should be retained and that the additional step should be taken toward the equalization of the position of the Indians and white citizens of giving the Indians the right of appeal to the courts of this country from such executive decisions. Because the act does not meet these requirements and because in our view it seeks to impose on provincial governments a responsibility for decision with regard to the liquor question so far as the Indians are concerned, we intend to oppose the bill on second reading.

Mr. William Bryce (Selkirk): Mr. Speaker, last night the minister went into a lot of history dealing with orders in council, orders of the treasury board and going away back to 1912 when Sir Robert Borden's government was in power. I do not know whether that was for the benefit of the hon. member for Kamloops or for whose benefit it was. However, the way in which the minister rattled off dates and data showed that he knew history, anyway.

What I should be interested in hearing from the minister is what progress his department has made in implementing the recommendations of the joint committee of the Senate and House of Commons relating to the Indian Act which were tabled on June 22, 1948. Mr. Speaker, you will remember that some of the recommendations—and I am going to mention a few of them—had to do with treaty rights and obligations. At that time the committee found that there was great difficulty in letting the Indians know that they were asking for things that could not possibly be given to them. I remember that at that time the hon. member for Lethbridge was a strong supporter of a clause that was incorporated in the report. I shall read it to you, as follows:

1. Treaty rights and obligations.

Your committee recommends that a commission in the nature of a claims commission be set up, with the least possible delay, to inquire into the terms of all Indian treaties in order to discover and determine, definitely and finally, such rights and obligations as are therein involved and.

further, to assess and settle finally and in a just and equitable manner all claims or grievances which have arisen thereunder.

I want the minister to look up these things again. I will not read them all, but there is one I should like to mention. With an election coming up, most hon. members will be interested in it. I refer to clause 5, which reads as follows:

5. Eligibility of Indians to vote at dominion elections.

As part of the education and preparation of the Indian to assume his place in the Canadian body politic, your committee recommend, on May 6 last, that "voting privileges for the purpose of dominion elections be granted to Indians on the same status as electors in urban centres". This is a matter which, in the opinion of your committee, should be referred to a special committee on the dominion elections act, with a view to early implementation of the recommendation.

It is realized that many Indians are not anxious to have or to use the franchise, under the misapprehension that, if they do exercise it, they will lose what they considered their rights and privileges.

Many Indians who do not have the right to vote at dominion elections do pay taxes on income earned away from the reserve, together with sales tax, gasoline tax, excise tax, et cetera. This is taxation without representation.

It is the opinion of your committee that it would encourage Indians, particularly the younger ones, to interest themselves in public affairs, if they were given the privilege already recommended. Your committee is further of opinion that the public generally would be given a better appreciation of Indian affairs.

I have only one more recommendation that I am going to read, and it deals with the bill more specifically than anything else that I can see. I refer to clauses 9 and 10:

9. Indian administration in general.

In 1946 and again in 1947 the joint committee on the Indian Act made recommendations with regard to administrative improvements which could be effected without the revision of existing legislation and which, when put into effect, would remove some of the causes out of which arise grievances and complaints of many Indians.

There are still some "administrative improvements" which your committee deems advisable.

Your committee, therefore, again recommends that the administration of all aspects of Indian affairs be placed under one ministerial head.

Your committee reiterates the recommendation made by the 1947 joint committee on the Indian Act, viz:

10. The director of the Indian affairs branch should be named a commissioner who shall have the rank of a deputy minister and shall have at least two assistant commissioners of whom one should be a Canadian of Indian descent.

I should like to go a little further with this, but it is so close to the end of the session that if you make a speech of any length you are apt to be frowned upon by your colleagues. I have quoted these three recommendations, and I want the minister to look into the matter and see just how far we have gone to meet the recommendations of the committee. The committee sat for three years and held over 100 meetings. It was a large committee.

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, I should like to take a few minutes of the time of the house to deal with a problem that has been worrying the Indians in my riding for the last 36 years. The complaint is a common one.

Mr. Pickersgill: Perhaps the hon. gentleman would not mind my doing this. I am doing this in the most friendly way, and I rise on a point of order. If this matter is not related to the bill I wonder whether the hon. gentleman would leave it for my estimates. It seems to me that would be the proper place for it, and I would be very happy to have him bring it up at that time.

Mr. G. H. Castleden (Yorkton): Mr. Speaker, there is one matter that I should like to refer to. In this bill some change has been made respecting the use of liquor on Indian reserves and the use of liquor by Indians. I notice that by the legislation responsibility is now passed over to the provinces. The provinces enact that they are going to allow the Indians to use liquor under the provincial laws, and the bands decide they are going to allow liquor to be used on the Indian reserves, if it conforms with the provincial law. It seems to me that is a negation of the responsibility of the federal government in this respect, and I think it should be very carefully watched.

The federal government, operating under the Indian Act, undertakes to care for these people, the Indians of North America, who are basically a very fine people. Where are they today? They have degenerated during the white man's occupation of this part of the continent to a position where I do not think we can look with very much pride on their present status. However, I would say that in the past 15 years there has been some change in the attitude of the government and some change in the attitude of the people generally.

These people have very few rights; they have very little power of appeal. They surrendered this land under treaties which were signed in good faith from time to time by the representatives of the Indian groups with the representatives of Queen Victoria. In some of those treaties they asked to be protected against the evil influences of liquor.

In the treaties signed by the representatives of the Queen the government promised to take care of them and to see that they were not hurt by the evil influences of the white man's drink. It seems to me that in the present legislation the government, which is responsible for the administration

of Indian affairs, is passing that responsibility over to the provincial governments. Have the provincial governments any responsibility under the Indian treaties, or are those the responsibilities of the federal government?

From my study of the Indian Act, and from my watching of the administration of it, it seems to me one very salient point emerges; that is that the terms of the treaties are forgotten almost entirely and the rights of Indians under the treaties are not being fully recognized. The trend toward the recognition of their rights, or at any rate living up to the spirit of those treaties, is something that we should watch very carefully. When I look at what Canada has done for her Indians and compare it with what New Zealand has done for her Maori people it seems to me we have neglected those people far too much.

The conditions of health among those people have been very bad over the years. Recently, under the Department of National Health and Welfare, there has been a fine improvement in the tuberculosis rate, but economically in many parts of the country the Indians are in a very poor condition. Certainly they are in no position to make very much progress. I know that is true so far as the education and training of those people are concerned. How can the Indian in this country, in the economic conditions under which he is forced to live on many of the reserves, possibly become a Canadian citizen? How can he advance?

The training of the Indian is of the utmost importance. In far too many instances the Indian is trained in the residential schools in such a way that he is not satisfied to go back and live on his reserve in the condition in which his parents lived. He is not trained to go out in the white man's world and make his living among white men. He is lost between two worlds when he comes out of school in the formative period of his life. He is unfit and untrained to take his place. So long as those conditions exist the Indians as a race and as a people cannot advance.

I believe the administration responsible for the care of those people should make basic changes in their education and training. My first suggestion would be that the basis of their economic life should be made sound so they can live. My second suggestion would be to make available to them educational facilities in line with their abilities to assimilate, and train them for the particular life which they are going to have to live and make it possible for them to advance as a race.

These people have done well in the roles they have played in our wars. The young men who enlisted in the armed forces and received medical care, proper food and proper training, advanced tremendously. They are people of tremendous ability; they are people of very fine basic principles of religious life. The Indian believes that he should love and help his fellow man and look upon one another as brothers. I do suggest that under the act the minister should be careful to see that all the things that were promised to the Indians in their original treaties are fulfilled, and that they are not being violated by this legislation which passes over the responsibility for granting the right to use liquor on the reserves to the provincial governments, which certainly have signed no treaty and certainly have no responsibility in that regard.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, in the province of British Columbia we have had for the past several years a provincial advisory committee on Indian Affairs which has been doing admirable work. I have the 1955 report of this committee, and there are two observations on the very first page. The first is that during the past year there has been evidence of increasing interest on the part of the public relative to the conditions under which our Indian friends are living at the present time.

The other observation is that there is an awakening sense of responsible leadership among the Indians themselves which, in different communities, is prompting them to take a more vital part in the industrial and community life of the particular province in which this committee is working. I believe this is very significant, because sometimes we wonder just what the response of the Indian people may be to the efforts which are put forth on their behalf. There are some who think there is little appreciation of the efforts put forth. I am afraid some feel that little is accomplished, at least of a permanent nature. This committee does feel, however, that there is a very splendid response by the Indian people themselves to the efforts being put forth on their behalf.

As far as education is concerned, the young people are taking their places in the educational institutions of our province. A great many of them are now attending public schools, and they fit in very well with the life in those schools. Not only that, but with regard to vocational and apprenticeship training we find there is an increasing interest in this particular field. As a result of the provincial advisory committee's recommendations regarding vocational and apprenticeship training the director of apprenticeship has given thought to means by which

these Indians can be encouraged to take part to a greater extent in these activities.

A three-point program has been drawn up. First the Indian young people must be selected and training provided for them free of cost. Second, employment should be found for them and a close liaison maintained during the first year or so of their employment. Third, vocational training programs should be provided for them during each year of their apprenticeship until their training is completed.

In the second annual report dealing with public relations there is a brief paragraph to which I would like to call attention. It reads as follows:

> Allied to the rising Indian population in this province is the fact that an increasing number of Indians are seeking integration into the social and industrial life of British Columbia. This move by the Indians toward the white man's way of life is placing a responsibility upon the rest of the inhabitants of this province to encourage and assist the process of integration.

I believe it is the desire and intention of the minister and his department to give assistance in every way possible to this particular movement, to encourage our Indian friends to integrate into community projects and in every way to encourage them to endeavour to take their place as citizens of this great country of ours.

There have been objections raised relative to the bill presently before us. I believe the hon. member for Prince Albert, speaking at the resolution stage, made the suggestion that this resolution was premature because of the fact that sufficient study had not been given to all the problems relating to Indian affairs and provisions were not made for remedial action in this particular measure.

I do not think we ought to wait until we have a perfect measure to discuss and pass, because if that were so I do not think we would ever do anything in this connection. There is a great difference of opinion even among the Indians themselves relative to what they want and what would be in the best interests of their people. There is also a wide variety of opinion among other citizens of Canada relative to the same matter, and if we are going to wait until we have something that is absolutely perfect then I suggest we will not have anything at any time.

I feel, therefore, that this legislation, despite the fact that there may be inadequacies and omissions as far as desirable features are concerned, is deserving of our support. Although there are many things we could criticize about it, I feel this legislation makes some headway. We are endeavouring to face the problem and find a solution for it, and because we feel it is an improvement and a step in the right direction we intend to give it our support. The very fact that additional funds are being provided for loans is in itself a very admirable feature, and therefore we are going to support this bill.

Mr. J. H. Harrison (Meadow Lake): Mr. Speaker, I cannot help but view some of the clauses of this bill with apprehension, particularly the one relating to liquor for Indians. The idea of turning over decisions on this matter to the provincial authorities, in the matter of delegating power and authority to the provinces to act with regard to liquor permits for Indians, strikes me as a rather retrograde step.

If one delegates one's power and authority to others and they take certain actions which one does not like, one finds oneself in the position of a minister who leaves it to some of his personnel to decide policy matters. The minister is then in the position of having to support the policy established by his officials. I think we may find ourselves in that position if we delegate the authority for allowing or disallowing liquor on Indian reserves to the provincial authorities.

Throughout history we as a federal government have had complete charge of Indians and their affairs, and I think a departure from that policy and the acceptance of a course of action which would delegate that authority to someone else is questionable, to say the least. Certainly we all know the effect of liquor on Indians.

Mr. Nicholson: And on whites, too.

Mr. Harrison: It is a most degrading thing so far as Indians are concerned, and it is a most objectionable thing to white people who are living in proximity to Indians. Several very valid complaints have been made to me from time to time concerning the antics of Indians who have been able to obtain liquor and have proceeded to terrorize some of the neighbouring towns.

Mr. Patterson: What about the white people?

Mr. Harrison: The hon. member for Fraser Valley says "What about the white people?" They are objectionable enough, too, under the influence of liquor but they do not compare in any degree with Indians who are under the influence of liquor.

Mr. Nicholson: White people can make fools of themselves, too.

Mr. Harrison: The majority of complaints that have been made to me from time to time concerning the conduct of Indians under the

influence of alcohol indicate that these occurrences develop when there has been a relaxing of R.C.M.P. supervision in the particular area. I recall one incident when the R.C.M.P. office was closed and relocated several miles away. The immediate result was that the Indians on the reserves located nearby the former R.C.M.P. post went more or less berserk. It was practically impossible for women to walk down the streets of those little towns at night. I made representations to the Department of Justice and my good friend the minister of that department took remedial action. The R.C.M.P. were put back in supervision in that area, and the situation was cleared up.

Once you remove this supervision the problems increase. Perhaps I do not understand this bill correctly, and I hope in his explanatory remarks the minister will deal with these points. I am not at all satisfied that this is not a retrograde step so far as the control of Indians is concerned. I think we are going to put the R.C.M.P. in a position where it is much harder for them to control the situation than it is now. I think I have said enough on that point.

When the minister is explaining this to the house I hope he will touch upon the matter of family allowances as it is handled here. I believe there is something in the changes in this act which may amount to a change in the concept of the family allowance; that is, it has now become a premium for staying away from school. There has been some indication in my riding that they consider it a paying proposition as far as half-breed children are concerned to stay home. It must be remembered that it is hard to tell a half-breed child from an Indian child because the line of demarcation is so fine. In some families you will find two full brothers, one of whom is considered to be a half-breed and the other, considered to be an Indian.

Having had this unhappy example of children being able to stay away from school in order to get family allowances, I hope there will be something in this bill to make sure that Indian children go to school. Otherwise we are going to have many schools in my area rapidly becoming surplus. They are not too happy about going to school in the first place, and it is only such things as family allowances directed in a manner so as to act as an incentive for school attendance, that we can get these children to go to school. The missions in the north have had a tremendous influence in getting these people to take up education. They have finally reached the point where they realize that they cannot subsist off the resources of the land and must seek other employment.

With these two reservations I shall wait for the minister's explanation. I hope he will be able to satisfy me on these two points; otherwise I shall have to vote against this bill.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I do not intend to take up very much time but there are one or two things I should like to deal with. When the hon. member for Meadow Lake was dealing with the question of liquor I thought at first I would be in complete agreement with him. I think it is a rather dubious principle that we should have the implementation of certain parts of this act in the hands of provincial legislatures. After all, these provisions with regard to liquor do in some measure alter the status of the Indian as a Canadian citizen, and that is a responsibility which should be retained by this house.

I imagine that in my own province of British Columbia it may not make much difference, for the obvious reason that the Indians have a provincial vote and therefore the provincial government will base their action upon the wishes of their Indian citizens. I think the minister could well reconsider that particular provision. I intend to deal with it when we are in the committee stage.

There is another matter which I feel should have some study, and that is the question of the position of the Indian when enfranchised. As I have said, I realize it is extremely difficult to legislate for people with such a wide variety of development as the Indians in British Columbia. When I hear comments such as those made by the hon. member for Meadow Lake—I am quite sure he was quite sincerely reporting conditions as he had heard of them or seen them in his own area—I realize that they are quite ludicrously inapplicable to the Indians with whom I come in contact. Those Indians are advancing very rapidly, and I think that has been recognized. I believe in the next few years we will have to go much further than this bill. Therefore I am not too much concerned about the shortcomings I see in it or its inadequacy, because I believe with the rapid advancement of the Indian people we are probably going to have to amend this act almost every other year.

I am not too much concerned over the point raised by the hon. member for Kamloops with regard to the ostensible transfer of powers from the governor in council to the minister. I would not want the minister to take this as indicating unbounded confidence in him as minister, but I strongly

suspect that this is merely putting in legal form what actually takes place at the present time. I suspect that probably the governor in council does not examine too closely the recommendations of this minister or of other ministers when they come before council, and that what we are doing now is placing the responsibility upon the person who actually makes the decision. Of course in the final analysis the cabinet as a whole is responsible for the actions of any minister. I can see how this would step up the administrative work of the department, so for that reason, and I think I can speak for all my colleagues, I intend to support this measure as it is. We shall have some detailed criticism when it comes before the committee of the whole.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, I happen to represent a riding in which an Indian band is located, and I am happy to be able to say that those Indians seem to be of a much higher calibre than the Indians referred by the hon. member for Meadow Lake. Indians from the Rama reserve have filled some important positions and portfolios within the boundaries of Canada in professional fields. They enlisted to a man in both the first and second world wars. Many of them brought back wives from Scotland and England and other parts of Europe. They live on the reserve and are considered as full-blooded Indians.

As far as those Indians are concerned I submit that they have the right to full Canadian citizenship, and that should be given to them as soon as legislation in that respect can be passed. We did not worry about them having the right to enter a beer parlor or to purchase liquor when they were enlisting in the Canadian army in both wars. For a short period I served with some of those Indians and they were not any worse so far as liquor was concerned than other Canadian soldiers. They were good soldiers and brave men.

I submit that this government should assume its responsibility and bring these Indians to full Canadian citizenship. They should have the vote. Before bringing in a bill of this kind the government and the minister and the department should have talked it over with the Indians to see what they would like to have. I feel that my Indians are quite capable of passing on legislation in their own behalf.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I intend to cover briefly all the points raised this morning, and I should like to start by referring to the speech made by the hon. member for Fraser Valley, because I find myself in agreement with everything he said. I echo his approbation of the work of the provincial advisory committee of British Columbia. I should like to say one thing which perhaps may be regarded as an interference in the provincial field. We have found in the Indian affairs branch that as soon as Indians are given the vote provincially their situation improves. This has been most marked in British Columbia in the way of increased public interest, as the hon. member has said.

Mr. Hodgson: In Ontario, too.

Mr. Pickersgill: As the hon. member said also, there has been an increased and awakening sense of Indian leadership. I echo what the hon. member for Victoria (Ont.) has just said. I happen to know quite well, I think, one of the people he has in mind, and I would say there is no finer citizen of Canada, if we are thinking of the same person.

With the hon. member for Selkirk I think the beginning of what has been a new orientation for the Indian population began with that joint committee on which, I believe, he served. I shall try, when my estimates come up, to say something about the progress made in carrying out some of those recommendations. I do not think I shall attempt today to say anything about giving the federal franchise to Indians generally. That is not provided in this bill. That is a subject that has some difficulties, for two reasons. In the first place, many of the Indians are still suspicious of it as a device to take away something they now have, and I think we must make sure that we disabuse most of them of that idea before we take this step.

There is also the fact—I have expressed this very frankly to the Indians, and I want to say the same thing in this house—that taxation without representation is certainly repugnant to us, and I think that representation without equality in taxation is also not a desirable thing. There is a problem there that has to be faced. But I should like to add that, so far as I am concerned, the day cannot come too soon when the Indians will be given the federal franchise and accept it willingly.

The hon. member for Fraser Valley also said something about integration, and I must say that this is the gospel I have tried to preach in and out of season since I became minister. It was dinned into me, when I succeeded the Minister of Finance in this portfolio, by the Minister of Finance; and it is my opinion—and I think that opinion is shared by most hon. members in this house—that in the four years the present Minister of Finance was in charge of the Indian affairs branch more progress was made than at any

time in the history of Canada in bringing the Indians along toward integration. I have not tried to change anything very much; I have just tried to follow along the path he laid down, and this bill is simply attempting to make minor improvements or clarifications here and there along the line he started.

The hon. member for Yorkton, who said a number of things with which I agreed, did use two phrases to which I must take some exception. I do not think the Indians have degenerated, and I do not think the hon. gentleman really meant to say that. Nor do I think it is desirable that they should advance as a race; I think it is desirable that they should advance as Canadians integrated with other Canadians. I am sure that is what he really meant, but sometimes when one uses these phrases one creates in people's minds the idea of a segregation, which we do not want to have, which we are trying to get away from, but from which we cannot get away all at once, for reasons also stated by the hon. member for Yorkton.

The Indian in western Canada and in parts of Ontario—and I use the term "western Canada" in the way in which we use it in Winnipeg, not including British Columbia—are protected by treaties, and these treaties establish for them special rights that other Canadian citizens do not have. We have an obligation to respect those rights, and we must respect them in letter and in spirit.

So far as respecting them in the letter is concerned, of course, we can be compelled to do so by action in the courts; but respecting them in spirit is much more important. I do not think there is any question of the desire of everyone in this parliament to see that they are fully respected in spirit, but I hope it will also be the desire of practically everyone in this parliament to see the day come when every Indian in this country will feel that his rights as a Canadian citizen are so much more valuable than any treaty rights he has that he will not be concerned at all about the treaty rights, and when reservations, treaties and all these concepts of segregation and discrimination will have disappeared. But that is not going to happen for a long time, and it must never happen unless Indians are willing to accept it quite voluntarily. There must be no pressure or coercion. I hope that in saying this I am expressing the views of every hon. member of the house.

Now I wish to say a word about the three points made by the hon. member for Kamloops, and in doing so I think I can deal also with the points made by other hon. members, except the hon. member for Meadow Lake in his reference to family allowances. I am not quite sure that I understood correctly what he was driving at. I think there may be possibly some difficulties on this subject, so far as non-Indians are concerned, but I know of no problem whatsoever so far as persons of Indian status are concerned with respect to the administration of the Family Allowances Act. Indian children are required to attend school wherever there is a school for them to attend, and the law is carried out in that respect. The parents of Indian children do receive family allowances for the children they are caring for. If the children are in residential schools being cared for by the government, the parents do not receive the family allowances, and one would not expect that they would.

Of the three subjects mentioned by the hon. member for Kamloops as reasons for voting against this bill, I think by all odds the most important one, in substance, was the one relating to liquor legislation. I believe I shall wait and deal with it last, and deal with the other two first. I believe the hon. member for Kamloops had very little heart for his third point this morning. I think he was really convinced by what I said last night, and I do not intend to repeat it; but I can tell him that the suggestion he made about the making of orders in council was carried into effect by Mr. Mackenzie King in 1939. A committee of the cabinet does consider these recommendations to council, and it is in practice a very rare thing for the whole cabinet to spend much time considering any order in council; and that is as it should be. I understand that in the United Kingdom the full cabinet never considers any orders in council, and that orders in council there are passed by four ministers who meet with the Queen at the palace.

Our practice is a little different, and we are by no means making a beginning here with the transfer of the apparent powers to the minister. I say "apparent" because the hon. member for Nanaimo is completely right in what he says, for the great majority of these orders in council that are of a routine nature. It is just a waste of many people's time to have them prepared in the form of recommendations to the council, to have them considered by several ministers and to have all this unnecessary paper work done and time consumed in producing something that is exactly what you start with.

I myself think there is a more important reason why these routine matters should not be dealt with by orders in council, and that is that orders in council should be important. The recommendations made to the governor

in council should deal with the matters to which ministers should give their full attention, but if you get a mixed bag, three-quarters or four-fifths of which is composed purely of routine matters, it makes it more difficult to find time to give proper consideration to the important matters. Hon. members will find, when we come to consider the clauses in the bill, that there is not one respect in which the minister is substituted for the governor in council that is of the importance required for consideration by a group of ministers. There is not one of them that touches anything that by any stretch of the imagination could be called rights. They merely deal with rather routine matters, or deal a second time with a matter that has to be dealt with by the governor in council or treasury board in another context.

I come to the second of the points mentioned by the hon. member for Kamloops as a reason for voting against the bill, namely that it does not provide for appeals to the courts in matters affecting Indian rights. I think the real reason it does not is that I know of no Indian right about which there is not already an appeal to the courts. There may be some; but no specific right of Indians has ever been drawn to my attention about which they have not access to the courts. However, if there are, and if there is some effective way of remedying the situation, I would be very glad to consider on another occasion—I do not think at this stage of this session in this bill—doing something to remedy it.

As far as the status of Indians is concerned, that is certainly provided for. It was provided for in the act of 1951, and we are making a clarification of that here. I know of no property rights of Indians that could possibly be affected without due legal process. This matter was not raised at all at the conference of representative Indians from all over Canada which considered the suggestions on which the bill is based. When I drew the attention of the hon. member for Kamloops to the fact that the brief from the Alberta Indian association had come long before the bill had been published he said that indicated there had not been adequate consultation.

I think perhaps I ought to say a word about that and explain what did happen. We suggested a number of changes in the Indian Act, and we divided the country into electoral districts and by a process of nomination and election had Indians chosen representative of every part of Canada. They met here in December and considered all our suggestions. I told them at the time that, of course, it would be quite improper for me to show them what would be in the bill before it was shown to parliament. I think that is a proper principle. But I told them these were the things I was thinking of recommending to parliament. There were several things we suggested that they did not like and which we dropped. There was also a sharp division of opinion about some other points. But I think I can say that, without exception, where we went ahead with any of the clauses we proceeded only where an overwhelming majority of the Indians wanted us to go ahead.

The question of appeals to the courts in some general declarative sense was never raised at all, and to the best of my recollection it has never been raised since by anyone in a general form except by the Indian association of Alberta. While of course I have the greatest respect for the self-sacrificing and devoted people who give their time to the Indian association of Alberta, I think perhaps it is fair to say that they were not quite fully informed at the time these representations were made. Of course that applies perhaps with even more force to their representations with respect to the question of liquor, to which I now come.

Mr. Fulton: Before the minister leaves the matter of appeals, do I understand from what he has just said that he has not had representations regarding that matter from the North American Indian brotherhood? The correspondence I have had would indicate to me that for some years they have made very definite representations.

Mr. Pickersgill: I stand corrected. I believe it is correct that the North American Indian brotherhood have also made the same or similar representations. I am not quite sure that they meant quite the same thing. In neither case have I ever been able to comprehend precisely how these things could be translated into statutory form. I happen to be one of those old fashioned reactionary types who believe it is better to deal with specific problems than to make broad declarations of principle which it is very hard for the courts to interpret and apply, but then I do not have the benefit of being a lawyer.

I come now to the question of liquor, and I can assure hon. members that nothing that was said this morning by any hon. member was new to me. All viewpoints expressed here this morning, and several variations of them, have been expressed to me on other occasions, from the extreme position taken by the hon. member for Nanaimo, with which I confess I personally have a good deal of sympathy, the view that the Indians should be treated exactly like everybody else and that there should be no discrimination whatsoever, to the apprehension expressed by the hon.

member for Meadow Lake and the hon. member for Yorkton, who seemed to feel that it was the duty of the government to protect the Indians against themselves and particularly against the provincial governments. I confess this attitude surprised me a little in the case of the hon. member for Yorkton.

Mr. Castleden: I never said any such thing. On a question of privilege, Mr. Speaker, I referred only to the fact that instead of the federal government taking the responsibility with regard to liquor and making the practice uniform across Canada, it has seen fit in this legislation to turn the matter over to the provincial governments. My apprehension had nothing to do with the good government of the province and what that government would do, but with the fact that the federal government was reneging on its responsibility accepted under the treaty signed with the Indians. I think it would be a good idea to treat them all the same and that there should be no discrimination, but the fact remains that the Indians have not been trained—

Mr. Pickersgill: I think perhaps the hon. gentleman has exhausted his question of privilege and is now making a second speech.

Mr. Castleden: The minister made an accusation against me that I was reflecting on the provincial governments. I was doing no such thing. I think the provincial government would have a far better attitude than the federal government.

Mr. Pickersgill: The hon. gentleman can perhaps cool off now.

Mr. Castleden: I am quite cool, but when Indian matters of administration are involved I may get quite warm.

Mr. Pickersgill: If I did not understand the hon. gentleman correctly I of course apologize.

Mr. Castleden: That is accepted.

Mr. Pickersgill: But if I did not understand him correctly then it is rather difficult for me to understand him at all. I can understand the position that we should do nothing, that we should leave the law just as it is, although that would not accomplish what the hon. member for Meadow Lake wants because he wants to go back to what the law was before the change was made in 1951. There is nothing in the proposed amendment that changes in principle what was done in 1951.

At that time a provincial initiative was established with respect to the question of giving Indians the right to drink in public places appointed for the purpose by provincial governments. We are not suggesting any new principle here at all. We are merely suggesting that the same principle should be applied in the case of purchases of liquor in a province to be taken off the premises and consumed elsewhere in accordance with the laws of the province. I think it would be a grave invasion of provincial rights for us to attempt to legislate for Indians in this particular. Either we must have the prohibition which now exists or they must conform to the provincial law. I see no third possibility.

But we have also taken account of the fact, which I think is very well known to hon. members from all parts of Canada, that there is a feeling on many reserves on the part of the majority of the Indians that they do not want to have liquor brought on the reserves, and we are recommending a provision that in a case where the provincial law is to be applied to Indians generally, the Indians on any reserve may adopt a local option measure which would make it illegal for them to take liquor on that reserve.

It does not seem to me that this is any shifting of responsibility to anybody else except in one respect, namely that we are saying that we do not intend to give this regime to Indians generally unless the provincial authorities want it.

But in order not to deprive the Indians of the opportunity to make up their own minds in this matter, in those provinces where the provincial government does not wish to take the initiative, we are also recommending that where a band, by a vote, decide that they would like to be brought under the laws of the province instead of remaining under the Indian Act, we will consult the provincial authorities and if the provincial authorities express no objection to it—because they will have the onus of enforcing the law in such circumstances—then it will be possible to bring such a regime into existence in the particular reserve concerned.

Short of going the whole length which the hon. member for Nanaimo thinks would be desirable, though I do not think he is advocating it as an immediate measure, it does not seem to me that we could have done much better than this, except for those people who say we should have maintained the status quo. I recognize the fact that there will be strong differences of opinion in all parties in the house on this particular point. There are those who, like my friend the hon. member for Meadow Lake—and I hate to differ with him on this subject—seem to think that an Indian drunk is worse than another man drunk. I do not agree with that view at all. I think an Indian is a human being just like the rest of us. I have seen many non-Indians who were, in my opinion, just as unworthy as any Indian I have ever seen. As far as

I am concerned I do not agree with that view, but I do not challenge the right of any man to hold it. I know that my friend the hon. member for Meadow Lake holds it sincerely, and I know there are also other hon. members in the house who do so.

There are other hon. members who feel that all traces of discrimination should be done away with immediately. I believe that is the goal toward which we should aim. But I think in the meantime we must take account of the conditions of different parts of the country and of the views of different bands of Indians, and I think the latter is even more important. We know there are many of these bands of Indians who do not want a new regime, and I do not think one should be imposed upon them. Mr. Speaker, unless we want to go back beyond the act of 1951, right back to the situation which existed before that time, it does not seem to me that there is really much ground of principle on which to object to the present bill. I think I shall rest my case there for the second reading of the bill.

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

Some hon. Members: Agreed.

Mr. Fulton: On division.

Mr. Deputy Speaker: Carried on division.

Motion agreed to on division and bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

Clauses 1 to 4 inclusive agreed to.

On clause 5—*Admission to band and transfer of membership.*

Mr. Fulton: Mr. Chairman, this seems to us to be one of the clauses which clearly proves the point we had in mind when objecting in general to the powers being given to the minister. This clause would amend section 13 of the act so that it would then read as follows:

13. Subject to the approval of the minister and, if the minister so directs, to the consent of the admitting band.

(a) a person whose name appears on a general list may be admitted into membership of a band with the consent of the council of the band; . . .

The effect of the amendment is to provide that if the minister so directs, a person can be admitted into the membership of the band without the consent of the band. Previously, as I read the existing section, the consent of the band was necessary in any event.

Mr. Pickersgill: No. I believe the hon. gentleman is under a misapprehension. I think we could clear that point up quickly. The previous provision was that it could be either the consent of the band or the council of the band.

Mr. Fulton: That is right.

Mr. Pickersgill: As the situation is now, if the minister feels that the council is not properly representing the views of the band, he may direct that the views of the band be obtained. It is just to make sure that the Indians really approve.

Mr. Fulton: With respect, Mr. Chairman, I submit that is not the effect of the legislation as drafted. The section as it was before the amendment reads as follows:

13. (1) Subject to the approval of the minister, a person whose name appears on a general list may be admitted into membership of a band with the consent of the band or the council of the band.

Mr. Pickersgill: Quite so.

Mr. Fulton: If all that was done here was to remove the words "or the council of the band" so as to provide that it had to be the consent of the band itself rather than that of the council, that would accomplish the object which the minister has just told us it was the intention to accomplish. But as the amendment is worded, the minister can direct that the consent of neither the band nor its council is necessary, and that this person shall be admitted without the consent of either of those bodies. That is the way the amendment reads. It gives the minister power to do that. If all he wants is provide that it is the band as a whole which must consent and not the council—which, as he says, may through some technicality not be in a position to consent—why does he not take out the words "or the council of the band" but leave in the words "with the consent of the band"?

Mr. Pickersgill: I think the reason is that the council represents the band in exactly the same way as this government represents the people of Canada.

Some hon. Members: Oh, oh.

Mr. Pickersgill: But there are times when it is felt to be advisable to consult all the electors. The only change this amendment makes is to give the minister the right, if he feels that the council of the band does not in fact represent the views of the band, to have a referendum on the matter.

Mr. Fulton: I do not like these quarrels, but I am afraid this is a quarrel over wording. With the objective of the minister I think there could be no real disagreement. It is to the method of accomplishing it or at least to the wording he has chosen that we are objecting. We object to it because we

do not think it has only the effect he says it is intended to have. The amendment would read:

Subject to the approval of the minister and, if the minister so directs,—

Mr. Pickersgill: Perhaps if the hon. gentleman would read the amendment without the underlined words, it would be of assistance. I think the whole thing would then become quite clear.

Mr. Fulton: It would then read as follows:

Subject to the approval of the minister . . .
(a) a person whose name appears on a general list may be admitted into membership of a band with the consent of the council of the band; and
(b) a member of a band may be admitted into membership of another band with the consent of the council of the latter band.

Mr. Pickersgill: Quite so. These other words apply only if the minister feels that the consent of the council is not adequate and that the whole band should be consulted.

Mr. Fulton: That may be the minister's intention as to the manner in which he will exercise this power. Of course we accept that as being his intention, but that intention might be lost sight of with a change of ministers. Policies have a way of being obscured. Some other minister, under different circumstances, might not follow that intention. I submit that it would be infinitely preferable, in order to accomplish the desired result which the minister has stated, in fact to leave the section as it stands; because then the consent of either the band or the council of the band is necessary, and if it is felt that the council is not properly representing the band, the consent of the band could be required.

Mr. Pickersgill: How would it be determined?

Mr. Fulton: The minister now has power to suspend that consent altogether, leaving it with the—

Mr. Pickersgill: I think the hon. gentleman misunderstands the situation. The normal procedure at the present time, is to ask the views of the council, but on some occasions it does seem preferable to consult the whole band. The only purpose of this is to make it quite clear that somebody will decide when the whole band should be consulted.

Mr. Hodgson: Mr. Chairman, in that case that somebody generally would be the Indian agent. There is no doubt about it, the minister would take his direction from the Indian agent and not from the band.

Mr. Fulton: Probably there is not much point in prolonging the argument. We have a difference of opinion as to the effect of the words, and because we do not think they carry into effect the desire of the minister, as I said, we have no alternative but to oppose the section.

The Deputy Chairman: Is the committee ready for the question?

Clause agreed to: Yeas, 52; nays, 20.

Clause 6 agreed to.

On clause 7—*Division of reserves and funds.*

Mr. Fulton: I move:

That section 7 of the bill be amended by deleting subclause 2 thereof and renumbering subclause 3 as subclause 2.

The committee will appreciate that this is another instance where in the proposed subclause 2 the word "minister" is substituted for the words "governor in council". Perhaps I had better read it as it would be if we were to carry it as it is set out in the bill:

(2) Where pursuant to subsection 1 a new band has been established from an existing band or any part thereof, such portion of the reserve lands and funds of the existing band as the minister determines shall be held for the use and benefit of the new band.

You can see, Mr. Chairman, how important a decision of this nature would be. Let us assume there has been the division of a band. Then the question is going to arise, what portion of the assets of the old band is going to be devoted to the new band that has been created? The division of the reserve lands and funds is going to be of fundamental importance to both the continuing old body and the new body established by the division. Here is a case where I would state quite deliberately, because of the peculiar position of the Indians as wards of the government and of the government as trustee of the Indians, that the question of the division of band funds and lands as between bands is one that we are justified in requiring to be submitted to the decision of the cabinet and not to be decided only by the minister, particularly since there is no provision for appeal to the courts.

I shall have something to say on that question, to which the minister referred, later on when we move an amendment which would give the right to appeal. At present there is no right to appeal from the minister's decision. This is a question of such fundamental importance that it should be decided by the governor in council rather than by a minister. Therefore my amendment, if carried, would delete subclause 2 of clause 7 and thus restore the old wording, by which the decision was reserved for the governor in council.

Mr. Cameron (Nanaimo): Can the minister give us some information as to the procedure that is followed now when a band is divided? What steps are taken?

Mr. Pickersgill: Well, of course, sir, it is never done unless there is a general desire to have it done. A band would not be divided without the consent of the existing band. It is a rarity, and it is done for convenience only. There would have to be complete consent and agreement before it is done. All that is involved here is the ratification by somebody of something that has already been accomplished. It is a fairly routine operation, and for that reason I see no necessity to accept the hon. gentleman's amendment.

Mr. Churchill: If it is a rare thing that occurs, what is wrong with continuing the present procedure? There is going to be no special burden placed on anybody.

Mr. Pickersgill: There is nothing wrong with it, but I think the other procedure is better, and that is what the government is recommending.

Mr. Castleden: This gives the minister complete power to deal with the lands and funds of the old band?

Mr. Pickersgill: No, it does not.

Mr. Castleden: I was just asking.

Mr. Pickersgill: All it does is give the minister power to set the seal of approval upon what has been agreed upon when the division takes place.

Mr. Castleden: Agreed upon by whom?

Mr. Pickersgill: By the Indians.

Mr. Castleden: The legislation reads:

> Where pursuant to subsection 1 a new band has been established from an existing band or any part thereof, such portion of the reserve lands and funds of the existing band as the minister determines shall be held for the use and benefit of the new band.

Mr. Pickersgill: Quite.

Mr. Castleden: It gives the minister complete power to deal with the division, and the portion of the reserve lands and reserve funds which may be kept on hand shall be determined entirely by the minister. The minister says this is a decision which has already been made by the Indians. Under what section do they make the division as to how much of the funds they shall have and how much of the lands they shall have?

Mr. Pickersgill: It is quite apparent that a band would not agree to be divided unless both parties were satisfied. All that this involves is the ratification of something that has already been agreed upon by the existing band that is being divided. The government has no power to divide bands of its own volition.

Mr. Fulton: On that point, I think we should leave section 17 as it stands at present. Let me read section 17 of the Indian Act as it appears at the present time. It reads:

> The minister may, whenever he considers it desirable,
>
> (a) constitute new bands and establish band lists with respect thereto from existing band lists or general lists, or both, and
>
> (b) amalgamate bands that, by a vote of a majority of their electors, request to be amalgamated.

So under paragraph (a) of subsection 1 the minister can constitute new bands from existing band lists or general lists or both whenever he considers it desirable. Now, it is obvious that in the great majority of, if not in all, cases there will be some initiative taken by the band to make a request along these lines; but once the decision is made to do it the method of doing it and the allocation of funds and lands to the divided band are made by the minister. As one of my colleagues remarked here, we are supposed to be civilized, but we have had fights in churches on the division of church properties, and if there is any organization which should settle its affairs amicably it should be a church. They have had their disputes resolved by the courts.

It is most probable that disputes will arise between the Indians as to the division of band funds and lands in a situation such as this. The act gives full power to the governor in council to determine. Subsection 2 of the existing act says that this question shall be determined by the governor in council, and the bill provides that it will be determined by the minister. Our amendment would prevent that from being the case. We think a matter of such importance should be determined by the government as a whole.

Mr. Cameron (Nanaimo): Mr. Chairman, it seems to me that the argument the hon. member for Kamloops presents does not really follow. I myself have a certain objection to the way this is worded at the present time, but not because "minister" is substituted for "governor in council"—as I say, I think that is largely fictional anyway—but I think the minister might well consider amending this section in such a way as to leave the initiative to the Indians; to clearly spell out that the initiative is on the Indian band itself, and to empower the minister to act on recommendations from the Indian band. Although I have no doubt whatever that he actually does that, I think it might be an improvement if that were spelled out in the act.

Mr. Pickersgill: Well, sir, the same thing occurred to me. I must confess that technically the hon. member for Kamloops is

right. I think if he had taken exception to the word "minister" in the first part of clause 17 I would have been inclined to go along with him; but I was not a member of this house, as everyone knows, at the time the act was passed in 1951. I do think I would be quite prepared to give consideration—I do not think I want to do it now—but I would be prepared to give consideration at the next revision of the act to making some provision that no band can be divided without the express consent of the band.

I can assure hon. members that to the best of my knowledge this has always been the practice and I certainly would not do anything different, but I think it might well be spelled out in the act.

Mr. Barnett: I think the point being discussed is well illustrated by the difference between subsections (a) and (b) of the existing section 17(1), where amalgamation of bands must take place by a vote of the majority of the electors but new bands can be constituted without any such reference.

Mr. Pickersgill: That, of course, might be the only way of doing it. I understand there are some Indians who are not in bands at all, and until there was a band it would be rather difficult to ask for their consent.

Mr. Winch: Mr. Chairman, I would like to ask one question of the minister. In view of what he has just said, will the minister not now have one of his colleagues move an amendment in order to include it in the present revision? I mean, why wait until a further session? If he agrees, and he says he does, then why not have it done now?

Mr. Pickersgill: Well, sir, I think it would take some considerable time to draft the kind of provision that I would be prepared to take the responsibility of recommending, because this is a rather complicated matter.

Mr. Winch: But in view of what you have just said, with your staff of parliamentary officials to do the drafting, if they cannot do it in ten minutes they ought to be fired.

Mr. Pickersgill: The hon. gentleman and I are not lawyers and I do not think we should go about firing lawyers with such light hearts. They are rather hard to come by these days.

Mr. Charlton: Mr. Chairman, in view of the fact that the minister has just agreed that he will give consideration to this, I do not see why we should wait for probably another year in order to make this change. The minister admits that in effect it is not good.

Mr. Pickersgill: Oh, no, I didn't.

[Mr. Pickersgill.]

Mr. Charlton: I do not understand why he is not willing to do anything about it now.

Mr. Pickersgill: Mr. Chairman, I am sure the hon. gentleman does not want to misrepresent what I said. I believe I said that what was said by the hon. member for Nanaimo recommended itself to me and that I was prepared to give some consideration to the possibility of doing this. I do not believe I said any more than that, and that is as far as I am prepared to take the responsibility of going at the present time.

Mr. Winch: But you also said that it recommended itself to you so much that when a further revision is being made such an amendment should be brought in. Well, sir, if that is your intention, why not do it now?

Mr. Pickersgill: Mr. Chairman, I do not think I really said what the hon. member for Vancouver East represents me as having said, but if I did say that I went further than I intended.

Mr. Hodgson: Mr. Chairman, it is now a quarter to one, and I wonder if the minister would be prepared to allow this clause to stand until one o'clock? He could have his officials redraft it and probably he could bring it in at 2.30.

Mr. Pickersgill: No, sir, I am not prepared to recommend any further changes in this section at this time. I think the matter is much too serious and requires much more consideration than it would be possible for me to give it at this time.

Mr. Pallett: Mr. Chairman, I would like to ask the minister if he is prepared to give us an undertaking that he will be the minister concerned when the Indian Act next comes up for revision. That undertaking seems to be implicit in the minister's statement.

Mr. Pickersgill: No, I am not prepared to give such an undertaking; but I am prepared to lay a little bet with the hon. member.

Mr. Bell: You would not be allowed to under the Criminal Code.

Amendment (Mr. Fulton) negatived: Yeas, 27; nays, 58.

Clause agreed to.

On clause 8—*Use of reserves for schools, etc.*

Mr. Fulton: Mr. Chairman, I just want to point out that in our efforts to retain "governor in council" in the act we are prepared to admit that this is a case where the change from "governor in council" to "the minister" is justified, because this is obviously administration and does not involve decisions affecting the allocation of funds or lands as

between Indians or bands. Therefore without compromising our position on the whole matter of principle we are prepared to say that this is a justifiable change.

Mr. Pickersgill: I thank the hon. gentleman.

Clause agreed to.

Clauses 9 to 15 inclusive agreed to.

On clause 16—*Minister may direct expenditure.*

Mr. Fulton: With respect to subclause 2 we feel that the change from "governor in council" to "minister" is not justified for the reasons which have already been fully discussed, and I therefore move:

That section 16 be amended by deleting clause 2 thereof.

Mr. Pickersgill: Mr. Chairman, I have to oppose this amendment for the same reason, sir. I feel that the governor in council would take the same view of noxious weeds as I do.

Amendment (Mr. Fulton) negatived: Yeas, 24; nays, 60.

Clause agreed to.

On clause 23—*Coming into force of this section.*

Mr. Fulton: This is the clause which deals with the new provisions with regard to liquor, and the minister said he would leave his extended remarks until we came to this clause. I think it would be helpful if we could have an outline by the minister as to how this new legislation will affect the position.

Mr. Pickersgill: Mr. Chairman, I shall try to give this outline in completely non-technical language and as clearly as I can. I hope hon. members will grant me their indulgence if I am not letter perfect, because it is a complicated matter.

Under the present law it is competent for a provincial authority to pass an order in council to make it possible for the Indians in that province to be exempted from the provisions of the Indian Act and to be permitted to enter places where intoxicating beverages are sold legally and consume them on those premises, but nowhere else. It is now proposed to extend that.

First, the province may extend the provisions to apply to the whole or any part of the provincial liquor law. That is to say, conceivably they could make it possible—I am not familiar with the laws of all the provinces—for Indians to buy liquor in liquor stores, carry it off and consume it elsewhere in public places. If there are other ways of consuming it I am not aware of them.

Then if desired the provincial authorities may divide the province. That is to say, they might not want to bring in these provisions in regard to the northern part of a province because of the difficulty of enforcing the law. In other words, we are trying to make this just as flexible as possible and ease whatever problems there may be for the provincial authorities in administering the law. There is also the provision that in any province where this is done, if the Indians so desire and express that desire through the council of the band a referendum shall be held on the reserve to determine whether or not the Indians shall be allowed to bring liquor on the reserve. That is one way of approaching this problem.

We understand that there are certain provinces which have indicated that they really do not wish to be put in the position of having to take the initiative in this matter, which they consider to be a federal matter and none of their concern. They do not want to be put in the position of having to do anything about it, and we cannot force them to do anything about it. But we feel that to be fair to the Indians we ought to have a provision where the initiative could be taken by the council band.

As I recall the procedure it would work something like this. The council would indicate that they wished to be brought under the provincial laws. A referendum would be held, and if it turned out that that was the view of the band the attorney general of the province would be advised. If he offered no objection within a stated period it would then be for the governor in council or the minister—I think it is the governor in council but I am not sure without looking at the bill—to bring that regime into effect. I would anticipate that that would be almost automatic. It was felt that in a case like that there ought to be a proclamation so that everybody would know the law. I am explaining the two clauses together.

Mr. Castleden: Would the referendum require only a majority vote?

Mr. Pickersgill: Yes.

Mr. Castleden: In many cases where a local option vote is taken it requires a 70 per cent majority.

Mr. Pickersgill: The government felt that we should follow the British North America Act.

Mr. Castleden: Who would be permitted to vote in the referendum?

Mr. Pickersgill: Qualified electors of the band.

Mr. Castleden: A straight majority would be sufficient even though the provincial law required something more?

Mr. Pickersgill: This has nothing to do with provincial law; this is a referendum taken on the reserve.

Mr. Castleden: It would then be left up to the province to do as they wished with regard to the passing of their own order in council?

Mr. Pickersgill: In the case of this second regime where the band takes the initiative the province does not need to do anything. All we are giving the province in that case is the right of veto after a referendum has been taken. If it is felt that this would create disorder and trouble in the community, the province may decide that they do not want it done. If that were so we would not proceed, but otherwise if the provincial government does nothing then it would be entirely a federal matter.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pickersgill: I find on looking at clause 23, section 96A, that I was wrong in the sequence of events I described in outlining what would happen under the second alternative. First there would be a resolution from the council of the band, and that resolution would be transmitted to the attorney general of the province. A referendum would only be held 60 days later if there had been no objection. I think the order that is suggested is much more sensible, because there is no point in having a referendum and then having the provincial government object.

Mr. Fulton: What the minister said at one o'clock and what he has said just now seems to make it clear that there is a situation here under which the responsibility for deciding whether or not Indians are to have liquor is clearly placed on the province. Under the proposed section 95 (1) it is made clear that Indians will be permitted to be in lawful possession of liquor within a province if that province so decides, and also that for this federal law to be effective the province has to ask the dominion government to issue a proclamation, which the dominion government will then issue. In other words, instead of this government saying we are going to permit Indians to enjoy the right of access to liquor, they are saying the province will decide whether Indians shall have this right, if it be a right, and then if they request us to give it to the Indians of a certain province we will get it. This seems to me to be the wrong approach.

I indicated earlier on second reading that our view is that the government here should decide whether the Indians of Canada are to be allowed access to liquor, and if they so decide then they should discuss with the provinces the rules and regulations under which that will be done. This seems to me to reverse the process. The other alternative, that is the alternative of whether or not Indians will be allowed liquor on the reserves, is one in which perhaps the dominion is accepting its proper responsibility. However, this situation creates other difficulties. I would like to ask the minister how he envisages these being dealt with. It is provided that if a reserve requests a referendum to decide whether or not they should have the right to have liquor on the reserve, then providing the provincial government does not object, that referendum may be held. What I want to ask is this. There is a situation, for instance, in my own area where there are two or three reserves that would be served, if they had the referendum and it was carried and there was no provincial objection, from the one liquor store.

What happens if one reserve carries the referendum in the affirmative and the other defeats it? You have one reserve saying yes, we will have liquor, and the other saying no. Those Indians then go into a liquor store to buy liquor. How is the manager of that liquor store to know whether this is an Indian who is entitled to take liquor back to a reserve? How do the law enforcement officers deal with that situation?

Mr. Pickersgill: I would be glad to try to answer that question. The hon. gentleman comes from British Columbia. I think it is not unreasonable to assume, in view of the past actions of the government of British Columbia—and in any case let us assume that they would take the first alternative—the province would ask us to bring the whole liquor law of British Columbia into effect for the Indians under proposed section 95. If that were done, then the only referendum that would be taken on the reserve would be as to whether liquor could be brought on to the reserve. The Indians who lived on that reserve would be enabled to buy liquor anywhere they liked in British Columbia, and the only possible prohibition upon them would be the taking of it on to the reserve; that is in the first alternative.

Now, let us suppose there is a province like Saskatchewan which has never taken

advantage of the present law—I am just taking Saskatchewan because they have never acted under the present law—and suppose they did not act under the new law, then in that province it is a referendum of a different character which would be taken on the reserve. What the Indians would ask for on that reserve is to have the laws of the province applied to the Indians of that reserve unreservedly, and the attorney general needs to do nothing in that case if he wants the thing to go forward. There is no provincial action of any kind required. If he objected we would not hold the referendum. In other words it is within the power of the province to keep the whole province dry, so far as Indians are concerned, if they want to do so. That is the present state of affairs.

I think I said earlier that the present situation is that Nova Scotia, Ontario, Manitoba, British Columbia and the Yukon have provisions enabling Indians to drink in public places, and those provisions have been brought into force by the action of the provincial government. I would expect that in most of those jurisdictions the whole of the provincial law would be brought into operation, and the only kind of action that would then be likely to be taken under this act would be to keep a particular reserve dry insofar as bringing liquor on to the reserve is concerned. This would not mean that Indians living on those reserves could not go to a liquor store and buy liquor and consume it some other place where it was legal, just as they can go into beverage rooms and buy a glass of beer and drink it there.

I do not know whether I have made it clear, but there are two distinct kinds of referendums envisaged. One is what I might call a referendum where a province is wet to make the reserve dry, and the other is in a dry province where the purpose is to bring that reserve under provincial liquor law.

Mr. Hodgson: If an Indian goes to buy liquor in the province of Ontario, his name and address is in his permit book.

Mr. Pickersgill: Yes, I think we can work out the details of administration all right.

Mr. Campbell: What has been the result of making liquor available to the Indians in those provinces that have done so?

Mr. Pickersgill: The result has been somewhat mixed, sir, as one would expect. I am told that the general experience in each province—I do not know about Manitoba because the experience is so very recent I have not heard anything about it—was that for the first week or so after access was given to these places a certain number of Indians abused the privilege. When the matter was drawn to the attention of the law enforcement authorities, the situation was very quickly changed. Of course, there are a certain number of these people, just as there are a certain number of other people, who spend a lot of time in beverage rooms.

In that context I may say that there is no one in the Indian affairs branch from the minister up or down, whichever way you would like to put it, who wants to see Indians do any more drinking. I would far rather see them use their money for other purposes than spending it on alcoholic beverages. But we do know, and it is our experience in the administration of the Indian affairs branch, that Indians do get liquor to drink. We do know that in the places where they cannot get it legally a good many of them get it illegally, and I think there are a great many more inducements offered to them to buy illegally than any provincial government would offer them to buy liquor legally.

In addition, there is in my mind no doubt that this is another badge of discrimination and that in the minds particularly of a lot of younger Indians it is a way in which we are saying they are an inferior people. There are a lot of them who do not really want to drink at all. The hon. member for Nanaimo and I know a very distinguished clergyman, himself an Indian, who I am sure has never had a drink in his life but who is very strongly in favour of removing this badge of discrimination. I say we are not going, as I might put it, the whole hog. We are trying to effect a compromise here which will meet the varying conditions in different parts of the country.

Mr. Castleden: Is it the opinion of the officials of the department, medical and otherwise, that the Indian is affected more by the use of alcohol than the white man?

Mr. Pickersgill: I have no medical officers in my department to give me an opinion but it certainly is not the opinion of any of the qualified administrative officers to whom I have ever talked. I do not think there is the slightest physiological evidence of that. I do think it is probably true that people who live in a rather primitive way, no matter whether they are Indians or otherwise, and who perhaps have never had a drink until they became adult, when they first encountered liquor, are rather more apt, other things being equal, to drink too much than other people who are perhaps more used to it, but of course that does not always follow.

Mr. Castleden: I believe that in the evidence presented to the Indian affairs committee the opinion was expressed that the Indians, being an ancient people and not having had access to liquor, were affected far more than

the white man who, unfortunately, has used it for generations. I believe the recommendation to the department was that the Indians should be protected against this white man's evil. As a matter of fact the Indians asked for protection in all the treaties that were signed—

Mr. Pickersgill: I should like to say a word on that.

Mr. Castleden: —with the Queen's representative at the time. I refer to treaty No. 2, the Northwest Territories treaty. Under that treaty the Queen's representative promised at the time of the signing of the treaty that the Indians would be protected, whether on reserves or off reserves, against the evil influence of liquor. At that time the representatives of the Queen signed the treaty in good faith saying that they would protect them. Does the department give any consideration to that treaty? Do they believe that the treaty has any legal status and that they have an obligation to live up to its terms?

Mr. Pickersgill: Quite, sir. I do not think the hon. gentleman can have read the treaty very recently. I read all the treaties very carefully to see just what the provisions were and to see if this legislation would transgress them in any way. I think it is quite obvious when one reads the treaties that the purpose of the treaties was to prevent the Indians from being besotted with liquor and having their property taken away from them while in that condition, as I am afraid happened rather often in the earlier years of the contact of the Europeans with the Indians on this continent.

The hon. gentleman says that the Indians have until recently been protected from liquor. I might remind the hon. gentleman that Columbus discovered America in 1492, and I am sure he had some brandy with him. From that day to this there have always been a few people who have been willing to engage in the liquor trade and to use it in order to take advantage of their Indian neighbours.

We do not think that will be done by the provincial liquor commission in any province. We think that is done—in fact, we are sure it is done—by a certain number of illicit traders at the present time, and we feel that this proposed regime will be conducive to the integration of the Indians into our society. After all the years of protection afforded by the prohibition in the old act up to 1951, and with the limited experience we have had since 1951 with the new regime, we feel that the new regime is better than the old one.

[Mr. Castleden.]

Mr. Castleden: In reply to the minister's charge that I have not read the act very recently, I suggest that I have read it since he has.

Mr. Pickersgill: The treaty, I said.

Mr. Castleden: The treaty. Does the minister know anything about the treaty of August 21, 1871?

Mr. Pickersgill: I have read them all.

Mr. Castleden: Does it not say that the Indians are to be protected? I happen to have a copy of the treaty here, and I want to disabuse the minister's mind of the idea that I have not read it recently. I shall read the exact words. What I am asking is that the federal government assume its responsibility in this regard and not slough it off on the provinces. The provinces have no responsibility under the treaties, but the federal government has. The members of the federal government are the heirs, shall I say, of the representatives of the Queen who signed the treaty of 1871 in good faith. This is what I find in the Manitoba, Northwest Territories and Keewatin treaty No. 2, signed on August 21, 1871:

> . . . Her Majesty further agrees with her said Indians, that within the boundary of Indian reserves, until otherwise enacted by the proper legislative authority, no intoxicating liquors shall be allowed to be introduced or sold; and all laws now in force or hereafter to be enacted to preserve her Indian subjects inhabiting her Indian reserves or living elsewhere within her Northwest Territories, from the evil influence of the use of intoxicating liquors, shall be strictly enforced.

Mr. Pickersgill: If the hon. gentleman will read those words again slowly he will find that this legislation is in complete accord with that provision.

Mr. Castleden: I do not think it is very complete compliance with it. You are passing off the matter to the provincial governments.

Mr. Pickersgill: Perhaps the hon. gentleman would not mind sending the treaty to me and I will read it.

Mr. Castleden: The provincial government can exercise a veto and prohibit within the boundaries of their province.

Mr. Pickersgill: Perhaps I have not been as clear as I should have been. I put it this way, that if the province takes the initiative to bring the laws of that province into effect, the Indians themselves may decide to have their reserves dry.

An hon. Member: Or wet.

Mr. Pickersgill: Or wet. The Indians themselves may decide. If, on the contrary, the province does not decide to bring the provincial law generally into effect the Indians

themselves may ask to have it brought into effect with respect to their particular reserve. We do allow the province a veto in that case. But in neither case is anything done to shuffle off responsibility to the province. We simply give the province, because it has the responsibility of enforcing the law, a certain initiative and a limited veto; that is all. We are taking our responsibility; I am taking the responsibility as a member of the government of recommending this regime which is in accordance with the provisions of the treaty the hon. gentleman read.

Mr. Castleden: You are not protecting the Indian against the influence of liquor at all.

Mr. Pickersgill: I think, sir, that I am, and that is precisely why I am bringing this legislation before the committee. I think it is far better to allow the Indians to buy liquor legally from the properly constituted provincial authorities than it is to leave them to the devices they resort to now and which it does not seem to be possible to prevent them from resorting to.

Mr. Castleden: Have you had any complaints or reports from those administering the department with regard to the making of liquor on the reserves?

Mr. Pickersgill: With regard to what?

Mr. Castleden: With regard to Indians making intoxicating liquor on the reserves.

Mr. Pickersgill: Oh, yes, I have heard it suggested that that happens. I have heard it suggested much more frequently that there are other people who purvey liquor to Indians on the reserves illegally.

Mr. Castleden: There is no doubt about that. I am asking you to prevent that sort of thing. I am asking you to take action against that kind of thing.

Mr. Pickersgill: How?

Mr. Castleden: By administering your act; by administering the department so these things do not happen. Surely you could ask the provincial police authorities to enforce the law in their own provinces. There have been cases of tragedy, where people have lost their lives as the result of drinking parties when people have become intoxicated on the reserves. That is something which should not occur. I am asking the government to enforce this law and to enforce the terms of this legislation by preventing these occurrences. I think this is widening it rather than restricting it.

Mr. Fulton: May I ask the minister what is the general consensus of the committee which sat and discussed the general terms or provisions of the amending bill. I am sure he will tell me that, by and large, they agreed or else he would not have done what he has done. What were the differences of opinion expressed and what steps are being taken to respect the views of the minorities, on a geographical basis, where they disagree with the view of the majority?

Mr. Pickersgill: I am most grateful to the hon. member for asking me that most intelligent question, because I think it throws a flood of light on what really happened. I will tell the committee that when we started to discuss this matter with the Indians we intended to have a uniform regime for the whole country. However, at the conference we found that the overwhelming majority of the Indians from one province did not want the law changed at all.

I was faced with a very awkward dilemma of trying to decide whether I would go to my colleagues and recommend that we have one law for nine provinces and another law for a tenth province. I did not think that would be a very successful way of doing things. Then there was another province in which the opinion of the Indians was quite sharply divided, and it was obvious that it could not very well fit into either pattern. It was then, after a good deal of discussion with one or two of my colleagues and with a number of the officials, that we came to the conclusion that the best thing to do was to follow the pattern which had been set in 1951, and which seems to have worked very well, and allow the provinces to take the initiative.

But then I remembered that at the conference there were Indians from one or two provinces which had not taken any initiative under the law, but who themselves were very anxious to have the law changed and to have the possibility of taking advantage of the new regime. That is why we devised this second alternative of allowing a band council to make a request and of referring it to the provincial authorities. In other words, these provisions were designed in order to try to meet these varying situations. But I might say that except for the Indians of one province, or the majority of those in one province and about half of those in the other, the overwhelming majority of the rest wanted the law changed.

Mr. Thomas: Mr. Chairman, maybe the minister made this matter perfectly clear to most hon. members but it is not quite clear to me. I am thinking of a case in my own riding where the Hobbema reserve is concerned, where we have three bands of Indians, to all intends and purposes, on one reserve.

What would happen, let us say, if the Samson and Wolf bands wanted to be wet and the Louis Bull decided they wanted to be dry? Then you would have the case of two bands on one reserve being able to take liquor into the reserve and the other band would be dry.

A few moments ago the minister mentioned the fact that so many people were willing to take advantage of the Indians by bootlegging liquor to them. In a case like this, where you would have say two bands on the one reserve who were wet, bringing liquor in, then you would have bootlegging on a scale you never imagined before, because the Indians would be bootlegging to each other. I would think that would be an extremely difficult thing to decide because, even as far as employees of the liquor store or the distributors of liquor are concerned, they would not know which was which. But the most important thing to be considered would be that those in the bands which were wet would have the opportunity of bringing the liquor into the reserve, and I am afraid there would be bootlegging on a large scale among the Indians themselves.

Mr. Pickersgill: There is in the bill a provision covering that matter. That was discussed at the Indian conference and we decided that, where two bands were on reserves contiguous to one another, it would have to be treated as a single reserve.

Mr. Thomas: There would have to be a majority of Indians on the one reserve?

Mr. Pickersgill: Quite so. That is the only possible way of dealing with the matter.

Mr. Harrison: A few minutes ago the minister clarified one thing for me that I certainly wanted to have clarified before I voted on this measure, particularly on this section. He made it clear that by our actions here today we shall accept responsibility for giving the Indians liquor. I think that was the reply to the hon. member for Yorkton, or at least that was the gist of it.

In the first place, I am definitely going to vote against this section because I am going to have no part of putting liquor in the hands of Indians in my particular area. I have had hon. members on the other side of the house, particularly the hon. member for Nanaimo, take issue with that view. Knowing as I do his particular area and the Indians in it, particularly those Indians around the riding of the hon. member for Comox-Alberni, if I happened to be the member representing that area I would take exactly the same stand they are taking. Those people already have come to the same stage of advancement in civilization—if that is what you call it—as we have. In other words, they earn their living fairly well in the same way. If you look at the houses of the Indians around Comox, for instance, you will find that the Indians there are living in a very nice way.

To be fair with the minister I must say this, however. If I were in his position I would do exactly as he is now doing, for in that case I would be obliged to have the interest of the country as a whole at heart. But hon. members will appreciate the fact that I am not in the position of the minister, and that I represent a particular area. I am going to represent that area to the best of my ability. That being the case, I certainly will not vote for any liquor in that area. We have had the Oblate order working in that part of the country for some 160 years now to get these Indians educated and to bring improvement there. The very reason there is this difference of opinion among hon. members is the fact that there is a difference in integration of the Indians themselves with the white population in different parts of the country. The hon. member for Victoria-Carleton—

Mr. Hodgson: The hon. member for Victoria, Ontario.

Mr. Harrison: —or rather the hon. member for Victoria, Ontario, said that maybe the Indians were better there. I am not going along with that suggestion. There may be some difference in their development as to integration into the white man's way of life. That may be a debatable subject, as to whether they have gone ahead by doing so or have gone backward. Knowing these Indians in the remote areas in my part of the country who have not been touched by the white man so much, I would say that you will find that they are a more honest and reliable type of native than those who have come too much in contact with the white man.

That leads one to raise some question as to whether they have come forward or gone backward by so doing. But if I were in the place of other hon. members, such as members from down near Windsor Ontario, such as my friend the Minister of National Health and Welfare, I certainly would not take the stand I am taking now. There you cannot tell the Indian from the white.

Mr. Martin: You are not saying anything inimical to Windsor, of course.

Mr. Harrison: I am being very complimentary to them. From the standpoint of my area, however, those Indians are not in a position to be so taken in by the liquor

situation. There are areas in my constituency where, if I represented just that part, I would agree with the minister that this is a good thing. But in my area as a whole they are not prepared for it any more than you should feed beefsteak to a baby who has no teeth. First things must come first. Before a baby takes on solid food it is necessary that he have something to handle it with.

From the standpoint of enforcement of this legislation, if it is enacted, it is going to be very difficult because you now have some teeth in the law as far as the R.C.M.P. are concerned, and they have been able to stop the bootleggers who operate in my area by plane. They have been able to stop them very effectively. But once this legislation is enacted the private plane business is going to be quite lucrative in my area. Having regard to the fact, that we have developed that we are taking the responsibility that Indians are to be given liquor, I am definitely going to vote against this section.

Mr. Coldwell: May I just say a word. I have been up in the area to which my hon. friend has referred, and I take somewhat the same position as he does because of that. I do not know whether it is wise at all to extend the privilege of obtaining liquor any more than we have done in the past. I know there are difficulties. As he says, there are various developments among the Indians that make the problem a very difficult one indeed.

I do not know much about the Indian reserves in other parts, but I do know that some of the Indians I have in mind are up in the district that my hon. friend represents. When I was there, as a matter of fact, I was rather shocked at the amount of liquor that was going into that Indian area in the wrong way. It may be argued, of course, that because it was going in the wrong way it is better to let it go in the right way; but I do not like the business. If I were in my hon. friend's position I could do no other than take the stand he is taking. Incidentally, I am inclined to support him generally in the stand he has taken.

Mr. Hamilton (Notre Dame de Grace): I should like to take just a moment to suggest that a good deal of the dubious attitude about Indians and liquor may well arise from some of the unfortunate concoctions that they were served with in earlier days. I ran into this situation when I was doing some research on the opening up of the Canadian west, particularly in connection with a place called Fort Whoop-Up, near Macleod, Alberta. It since has a different type of representative.

The fort was operated in partnership by two men on a non-partisan basis, one of whom was called Hamilton and the other called Healy, who were trading with the Indians. Let me give you the recipe for the liquor which they were giving out at that time. It consisted of one quart of alcohol, one pound of rank, black chewing tobacco, one handful of red peppers, one bottle of Jamaica ginger, one quart of black molasses, and all of that was mixed well, boiled and then served to the Indians. The second alternative—they had only two types of this drink at that time—consisted of one keg of alcohol, Perry's painkiller, Hostetters bitters, red ink, castile soap, blackstrap chewing tobacco and water, all boiled together.

The reason for all the ingredients was that the Indians like firewater. They wanted something that burned, and I am sure this was very effective in that particular respect. They would trade for the mixture, one cup for a buffalo robe. I hope if the minister proceeds with this bill he will take reasonable care to see that the Indians get not only whisky, if they get it at all, but good whisky.

Mr. Cameron (Nanaimo): Mr. Chairman, I hesitate to disagree with my Saskatchewan colleagues, both in this party and in the government party, but I feel I must do so because it seems to me we are really arguing about the wrong thing when we are told that liquor affects Indians more than it does white people. I think possibly one could collect some statistical evidence to support that, but what the comparison really is between is one group of people who are economically depressed and living on a poor diet, and those who are living on an adequate diet. Really we should be turning our attention to creating conditions for the Indians whereby they will be in the position to handle liquor as well as the more intelligent members of our own race, and it is not by any means all of our own race, at that.

I do want to emphasize again the point of view expressed by the gentleman to whom the minister referred just now; but, like him, I am quite sure he has never had a drink in his life. He may have had it when he was a young man in his native village, but he is certainly a teetotaller now; but he is very firmly of the opinion that his people must no longer be protected, that they must learn to stand on their own feet and to handle this problem.

If we go on coddling them and trying to protect them we do two things. If we succeed, then we leave them open to falling by the wayside when they get out of their own primitive environment, or we encourage irresponsible and unethical people to come in and trade on their ignorance and supply them with liquor in an illegal way and under

such circumstances that it encourages the very sort of abuse that has been complained of here.

I think there comes a time in the life of every human individual when he reaches the age that he must be held accountable for his own actions and must be given an opportunity to develop a sense of responsibility. Our Indian people are in the same position, and I have no doubt whatever that every place where this act is going into effect one of the first effects will be a vast rise in Indian drunkenness, just as there was a vast rise in white drunkenness the moment it became easier to get liquor after the days of prohibition. But that situation has more or less corrected itself for our people, and I think we should look forward to it doing so for the Indians.

Certainly if our aim is to make of the Indians Canadian citizens rather than Indians, then this sort of restriction must be removed, and removed as quickly as possible. There is a safeguard in the bill for the Indians. When the Indians have doubts of the ability of their own people to handle this problem they can call a halt to it for the time being, and I think that should be a sufficient safeguard. I know among the Indians in my own constituency there is a divided opinion on it, and I am not sure that all of them will take advantage of this act. It is quite likely they will oppose it in some instances and in some bands, but that is an exercise of responsibility that is in line with the sort of responsibility we should expect from Canadian citizens of whatever race.

Mr. Castleden: With respect to subclause 4, I see that the governor general may make regulations:

(a) respecting the taking of votes and the holding of a referendum for the purposes of this section.

I agree with a great deal of what the hon. member who has just taken his seat has said in regard to the economic conditions of those people and the integration of the Indian race as Canadians. I do think they should take their responsibility here, and I am glad to see that a referendum and a vote are to be taken. As it stands at the present time the band council is the one which makes the first application.

Mr. Pickersgill: That is right.

Mr. Castleden: After that—

Mr. Pickersgill: I should add—and this might reassure the hon. member for Meadow Lake—that in a case of the council of a band which was in a very primitive state and where we think the probability in the immediate future of abuse is very great, the fact that the band council made such a request would not necessarily mean that it would be proceeded with.

Mr. Castleden: I am glad to have that. In case you are going to proceed with a referendum the referendum would have to be taken first?

Mr. Pickersgill: The referendum would have to be held before any action would be taken.

Mr. Castleden: For the purposes of the referendum I would suggest that we might follow the example of a good many of the white man's communities. In deciding on the sale and possession of liquor it must be decided by a two-thirds majority. If the government have the responsibility they could help to keep their promise to protect the Indians by the taking of a 75 per cent vote in favour of the use of liquor by the band.

Mr. Pickersgill: I do not think, sir, I can agree. I think one vote should be equal to another. I am afraid I believe in simple majorities.

Mr. Castleden: In some communities they do not require that.

Clause agreed to.

Clauses 24 to 28 inclusive agreed to.

On clause 29.

Mr. Harrison: Mr. Chairman, the minister mentioned in his statement earlier that he did not understand my reference to the family allowance, but I see it is covered here in clause 29. I had not noticed this before, and I think this covers the question I raised in that an Indian who has attained the age of six years is required to attend school. I want to express my approval of this particular clause because if the word "permit" were to be continued in the act many of the children would leave school in order to obtain the family allowance.

Clause agreed to.

Clause 30 agreed to.

Mr. Fulton: Mr. Chairman, at this point I should like to move an amendment to provide for an additional clause dealing with the question of the right of Indians to appeal to the courts. At an earlier stage of our discussion this morning the minister said that so far as he was aware there was no case in which the rights of Indians as Indians were involved where they did not have the right of appeal to the courts as would any Canadian citizen of the white race under similar circumstances.

I do not find myself able to agree with the minister. I could well be in error here and perhaps the minister can convince me that I am; but going through the act quickly after he made that statement in order to check my previous impression it would be my conclusion that in such matters as are dealt with under the provisions of section 15, particularly section 15(1)(b) which would be a vital matter with respect to Indian rights, sections 17, 18 and 19 and the whole group of sections from 20 to 29 inclusive which lay down the terms controlling the possession of the lands on the reserves, and section 42 as well as many other sections, there is no right of appeal to the court from the decision taken by the governor in council or as it will now be in many cases the decision of the minister alone.

I would refer particularly to section 42. This is the first section of the group running from section 42 to section 46 inclusive, dealing with the descent of property. Section 42 reads as follows:

> Unless otherwise provided in this act, all jurisdiction and authority in relation to matters and causes testamentary, with respect to deceased Indians, is vested exclusively in the minister, and shall be exercised subject to and in accordance with regulations of the governor in council.

Section 44 (1) provides:

> The court that would have jurisdiction if the deceased were not an Indian may, with the consent of the minister, exercise, in accordance with this act, the jurisdiction and authority conferred in relation to matters and causes testamentary—

And so on.

This is the provision that the minister may transfer jurisdiction to a court, and that can only be done with the consent of the minister. There is no right there on the part of the Indian to appeal to the court from a decision of the minister in these matters. It is my view, as I say subject to correction—and if I am wrong I shall try to be fair about this and admit it—that the other sections I mentioned, for instance those from 15 to 29 inclusive, contain no right on the part of the Indian to appeal from the decision to the courts although that decision may be affecting his fundamental rights and interests as an Indian.

To the minds of those in this group that is one of the gravest discriminations against Indians and one of the greatest bars in the way of persuading the Indians that we really want them to become integrated as full Canadian citizens. I therefore move that the following section be added as section 31:

> "The said act is further amended by adding the following section as section 112 (a):
>
> With respect to any decision made by the minister or the governor in council under this act dealing with any of the following classes of subjects
>
> (a) the use, appropriation or disposition of band funds,
>
> (b) the use, appropriation or disposition of reserve lands or of the personal property of Indians situate thereon,
>
> (c) the use, appropriation or disposition of any other real or personal property belonging to or appropriated to the use of Indians either as bands or as individuals,
>
> (d) the enfranchisement or disfranchisement of Indians or bands,
>
> the council of the band or the individual Indian affected by the decision shall have, in addition to any other rights conferred under this or any other act, the right to appeal the decision to a judge of the appropriate county or district court or of the supreme court of the province in which the band is situate or in which the individual resides, in accordance with the rules and laws applicable to legal proceedings in that province, or, in the province of Quebec, to a judge of the appropriate superior court in accordance with the rules and laws applicable to legal proceedings in the province of Quebec."

It will be noted, sir, that the amendment is so framed that if I am in error and the minister is correct when he says there is a right on the part of Indians then the amendment does no harm, because it says that the Indians shall have in addition to any other rights conferred under this or any other act the right to appeal the decision to a judge.

If the minister intends us to take the literal interpretation of his words when he said he felt there was a right of appeal or recourse to the courts; and if there was not and we could point it out, then I would suggest that in all fairness he must accept this amendment. As I said previously, if there is a right of appeal already the amendment does not do anything. If the minister is correct the amendment does no harm. If we are correct, however, in view of the minister's statement he should accept the amendment because it does what he said he would be willing to have done if such were not the case at present.

Mr. Pickersgill: I think perhaps the hon. gentleman could hardly substantiate the very last statement he made. I did not indicate I would be willing to have any general declaratory clause put into the act if I prove to be in error in my assumption—that is all it was—that there is a right of appeal or an opportunity for appeal in the case of any substantive right. What I said was that I am an old fashioned reactionary type who believes in righting particular wrongs rather than making general declaratory provisions which it is often very difficult for the courts to enforce. I persist in that view, sir.

That is not the only reason I oppose this amendment. I oppose this motion to add this clause because I feel it is so sweeping in its character that I would wish to have more

advice and more consideration than is possible at this stage of our proceedings before I would be prepared to concur in recommending it as a part of the law of Canada affecting the Indians. I recognize that that is a very conservative position to take, but it is the only one I feel I can take.

Notwithstanding the fact that he is a lawyer and I am not, I cannot refrain from taking issue with the hon. gentleman about section 42. It would appear to me that the purpose of section 42 is to provide that the bequest and devising of property by Indians would not come under property and civil rights, but would be under the jurisdiction of parliament; and that the regulations made by the governor in council to provide for the devolution of property would be part of the law and that anyone whose property was dealt with under that law would have the same recourse to the courts as any other person who was acting in a testamentary way in a province. I may be quite wrong about that because, as I say, I am not a lawyer; but I would think that is the fact.

Mr. Winch: I am inclined to support the amendment which has been moved, because for some time I have been quite disturbed at the way the sale of Indian property is handled by the department. I have made some study of some sales of Indian property in the province of British Columbia and I am convinced that the Indians were completely rooked, that the property was sold at far less than the market value. That could be done only by authority of the minister and the department.

I do not see why there should be any discrimination in right as between an Indian and his property and another person and his property. If an Indian as an individual or if the Indians as a band are of the opinion that a deal which has been made on their behalf by the department is not fair, is not in their interests, then they should have the right to appeal to the courts the same as anybody else. I shall not name the exact place, but I have in mind the sale of land from an Indian reserve on the north shore. I am completely conversant with that sale and the offers that were made and the estimates that were given by an unbiased real estate man as to the value of the property. I am certain that the Indian band lost out to the tune of thousands of dollars, yet they have no appeal.

I know there is under discussion the sale of additional property held by that same band, and if my information is correct they are not going to get a square deal in that case. As I say, that is just my impression based on my knowledge of the facts as I have them. Whether I am right or wrong, I do say that when it comes to a matter of property rights an Indian should be in no different position from any other person. If he feels he has been discriminated against or has not had a square deal he should have the same right of appeal to the courts of this country.

Mr. Pickersgill: Mr. Chairman, I know my hon. friend the hon. member for Vancouver East—I say "my hon. friend" advisedly because it is a term I do not think I have ever used before about any member of the opposition, since I believe in the old parliamentary practice of using the term "friends" only about political friends—wants to be completely fair about this. Perhaps he does not realize that it is impossible for the minister or the government or any other person to sell any part of any Indian reserve unless the band has approved the sale and made a formal surrender for that purpose.

I know that in connection with the sale of certain properties in Vancouver there are certain Indians who disapprove strongly of the action taken by certain bands, contending that the bands had made improvident deals and that we should have vetoed the deals. But the fact of the matter is that no land has been sold unless the band has previously approved the sale and approved the amount for which it was being sold. Is it suggested that the minority in a band should be allowed to go into the courts to prevent the majority of the band making a sale?

Whether parliament would want to have that kind of provision in the law I do not know. It is not the law now; the law is that no part of an Indian reserve can be sold by the minister or the government or anyone else without the consent of the band properly given under the act.

Mr. Winch: Mr. Chairman, I understand that very well, and I do not think the minority should have the right to go into court to prevent a sale; but I do submit that if the minority thinks it is an improvident deal they should have the right to go to court and have a judge decide whether or not it is a square deal. Let us not forget that the Indian agent or somebody else may be able to exercise a great deal of influence over those who are in responsible positions in the band. As a matter of fact the law is not made for the majority, it is made for the protection of the minority.

Mr. Castleden: Mr. Chairman, I support this amendment. On the basis of the principle about which the minister has been

talking, equality and the lack of discrimination, I submit that if we are going to bring these people in as Canadian citizens surely one of the first things we should do is to make access to justice available to all. If we are to stop these people from having an appeal to the courts of this country in order to obtain justice, we could not be acting in a more discriminatory manner. If that is not available to them, what right have we to say that we are trying to make them into Canadian citizens?

You say that an Indian can always go to the courts and get justice, but one thing that prevents him quite often from doing that is his economic condition. The vast majority of Indians in this country have not the economic means to provide themselves with representation in the courts. In many cases the funds which the band might want to use are completely under the control of the government and are now to be under the control of the minister. That is one reason we have been opposing the extension of powers to the minister to the point where he has personal touch on everything. He could quite easily veto access to the courts through not allowing them to have access to band funds.

In the interests of justice and in the interests of what is good for future Canadians, recourse to justice should be one of the first things made available to them as Canadian citizens.

Amendment (Mr. Fulton) negatived: Yeas, 27; nays, 41.

Bill reported.

WAYS AND MEANS

The house in committee of ways and means, Mr. Applewhaite in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

1. That the sales tax on the following goods be repealed:

(a) boxes for farm wagons, and articles and materials to be used exclusively in the manufacture thereof;

(b) poisons used in agriculture or horticulture;

(c) vermiculite;

(d) material for use exclusively in the production of vaccine for prevention of poliomyelitis;

(e) certain building materials which are in addition to those already exempted, viz:—additives for concrete; ceiling and acoustical material for buildings; hard surface composition yardage flooring for permanent bonding to floors; material for waterproofing and moisture proofing buildings; additional structural steel for buildings; soil pipe for buildings; tar and asphalt for roofing; skylights; ventilators and louvres, not motor operated;

(f) certain machinery and apparatus for manufacturing or producing goods which are in addition to that already exempted, viz:—structures which are adjuncts to or provide access to the machinery and apparatus for manufacturing or producing goods; repair and maintenance equipment used by manufacturers or producers for servicing their machinery and apparatus for manufacturing or producing goods; safety devices and equipment for the prevention of accidents in the manufacturing or production of goods; systems installed by manufacturers or producers for exhausting dust and noxious fumes from their manufacturing operations; equipment used to carry refuse or waste from production machinery; equipment for hospitals and first aid stations in manufacturing establishments;

(g) identification tags or labels for designating the grades or quality of meat, poultry, fish, eggs, fruit and vegetables, and materials to be used exclusively in the manufacture thereof;

(h) goods enumerated in Customs Tariff items 409t, 409u and 409v, and articles and materials to be used exclusively in the manufacture thereof;

(i) antiques, as enumerated in Customs Tariff item 693 (ii) and (iii);

(j) national manufacturing, industrial or mercantile trade directories but excluding statistical, financial or biographical surveys, reports, year books or directories, and transportation, telephone, municipal or street directories, guides or rate books.

2. That the excise tax on the following goods be repealed:

(a) antiques, as enumerated in Customs Tariff item 693;

(b) settlers' effects.

3. (a) That the exemption from excise tax on the goods enumerated in sub-paragraphs (a) and (b) of item 12 of schedule I be repealed when the sale price is one dollar or less;

(b) That the exemption from excise tax on the goods enumerated in sub-paragraph (c) of item 12 of Schedule I be repealed when the sale price is fifty cents or less.

4. (a) That there be imposed, levied and collected in respect of each copy of a special edition of a non-Canadian periodical issued to the public in Canada a tax of twenty per cent of the value of the advertised material contained therein;

(b) That for the purpose of sub-paragraph (a) a "special edition of a non-Canadian periodical" means a periodical printed in or outside Canada for publication in Canada

(i) containing editorial material at least twenty-five per cent of which is the same or substantially the same as editorial material contained in a non-Canadian periodical, whether in the same or in some other language, and

(ii) containing any advertising material that is not contained in such non-Canadian periodical;

(c) That any enactment founded upon this paragraph shall come into force on the first day of January, nineteen hundred and fifty-seven.

5. That any enactment founded upon paragraphs 1, 2 and 3 of this resolution be deemed to have come into force on the twenty-first day of March, nineteen hundred and fifty-six.

Mr. Harris: I have one or two minor amendments which I shall move when we come to them.

Mr. Herridge: I understand, Mr. Chairman, that this is the resolution on the excise tax, I want to make one of my Lilliputian session-ending speeches on this subject. I am making these few suggestions as a result of conversations with a man who has had a great

deal of experience in the tobacco business in the United Kingdom and in Canada. I am making them to the minister because I think there is some substance in them, and I should like him to consider them when he is perusing *Hansard* during his summer holidays. These suggestions of mine I feel are to the advantage of the tobacco producer, and particularly to the advantage of the smokers of pipes and cigarettes—that is about the only comfort a man has nowadays. They also result in no disadvantage to the treasury and no disadvantage to the manufacturers of tobacco, if the suggestions are properly applied. What I am suggesting is the perfect idea.

I was informed that 99·3 per cent of all tobacco used in the United Kingdom is imported. This tobacco is imported in hogsheads or bales, depending on the type and source of origin of the tobacco. It is then unloaded from the carriers and straightaway placed in bonded warehouses. As the tobacco manufacturers require supplies, they simply withdraw them from the warehouse, paying for the weight of the tobacco plus the duty. At the factory in Great Britain the tobacco is processed in the normal way, but all stems, stalk, dust and so on is carefully set aside and in due course that is weighed and shipped to the British Nicotine Company at Bootle, near Liverpool, to be manufactured into insecticides such as nicotine sulphate, black leaf 40, and so on.

I think, Mr. Chairman, from the foregoing it will be readily seen that there is no reason on earth why a British firm should ever want to turn out anything but the best so far as tobacco products are concerned, because there is simply no encouragement for it to do so. The British laws regarding adulteration are also much more strict than ours, and by the very simple means outlined their products have become renowned—I am speaking of tobacco products. Because of the present Canadian excise tax laws, the tobacco manufacturer is encouraged to put as much scrap in his products as the market will bear. This also limits the amount of tobacco to be grown and causes a waste of time and labour. The public suffers by reason of poor quality and the farmer suffers by reason of the reduced production of tobacco, and the government does not gain anything.

In this country, where the excise stamp system is used, we all pay on the finished product, be it good or bad, and we may rest assured that it is no better than it has to be or the manufacturer loses his profits. In England the duty is paid on the basic leaf only and then the manufacturers compete amongst themselves, each trying to turn out a better

product than the other, because the excise system prevailing over there encourages that. Personally, I feel that even the Canadian manufacturers would welcome some change in the form of excise taxation on tobacco.

I think the change would bring the following results: it would mean an increased acreage of tobacco cultivation for the farmer, because usually there is a cutback due to overstocks of the weed. This would increase his personal income, increase his tax and better the economy of the district concerned. The second result would be a better product for the consumer by virtue of the fact that no stem or stalk would be in his tobacco, and adulteration by the addition of harsh soothers, which so often in this country are sugar, honey, molasses and so on, would be cut to a minimum or at least reduced. The tobacco manufacturer would suffer in no way. Duty-wise, the government would suffer in no way, according to my understanding. Finally, the investment in machinery would be reduced, the time of machine operators would be saved as well as the time of customs officials, printers and others engaged in the administration of the present form of collecting excise as a result of the stamps on cigarettes and tobacco.

I mention this to the minister because the gentleman of whom I am speaking had a very good knowledge of the industry in both countries and I thought there was substance in his arguments. I just mention it at this time in the hope the minister will review both the system here and the other system to see if the other system would not be of advantage to the Canadian tobacco manufacturers, the Canadian tobacco consumers, without loss to the treasury.

Mr. Harris: I will take into consideration what my hon. friend has said. I think he would agree with me that I would not be in a position to make an answer at the moment.

I have to propose two amendments, and I think perhaps ought to do that for the benefit of the committee. The first one is to subparagraph (e) of paragraph 1. I move:

That subparagraph (e) of paragraph 1 of the excise tax resolution be amended by deleting therefrom the words "soil pipe for buildings" and that any enactment founded upon this amendment to the resolution come into force on today's date.

The second one is as follows:

That paragraph 2 of the excise tax resolution be amended by adding thereto a new subparagraph (c) to read as follows:

"Articles of cut glassware, crystal glassware, cut or not, etched glassware or metal decorated glassware, all the foregoing when sold for use in the preparation or serving of food or drink".

I will explain the real content if necessary now, but on the bill in any event.

Mr. Rowe: This resolution is a rather strange mixture, Mr. Chairman. It embodies a repeal of certain taxes and also the imposition of other taxes that are in no way related to each other. It seems to me that the minister might well have made two resolutions of this. With reference to the amendment proposed to the Excise Tax Act, as clauses 1, 2 and 3, the party for which I am speaking has, on many occasions in the past, criticized the present government for maintaining the sales tax on many of these articles. Indeed, when this party was in power we had the most vigorous opposition from those who are now in power because we had a sales tax which was only about one-quarter of what it is today. The party to your right, Mr. Chairman, criticized us for imposing a sales tax, even though we had reduced it from 6 per cent to 2 per cent, and yet they later raised it to 10 per cent, imposed it on articles which we felt should not be subject to a heavy sales tax and have kept that heavy tax for years. We might make better progress, Mr. Chairman, by taking the resolution clause by clause because there are certain provisions in connection with which we commend the government for relieving these articles of sales tax although what they have done is too late and too little. We believe that the sales tax is a terrible imposition on the general cost of living. So far as the items contained in the first three paragraphs of the resolution are concerned, and I am not going to take the time to name them, I do not believe there is anything there to which we would be very much opposed. However, when we come to the fourth paragraph it appears to me that is something entirely different.

The Deputy Chairman: Order. I wonder whether the hon. member for Dufferin-Simcoe would permit me to interrupt him for a moment. He himself has pointed out the wide coverage of the resolution, which is broken up into five separate parts, and my sole reason for interjecting at this time is perhaps to be of assistance to the committee. If we are going to have a discussion of paragraph 4, go back to paragraph 1 and then discuss paragraph 3 and so on, perhaps the debate will not be very consecutive. I am entirely in the hands of the committee. I wonder whether they would prefer to have an all-embracing discussion or whether they would prefer me to call for discussion the five main paragraphs, in which case I would propose, when we reach paragraph 1, to put the amendment moved by the government, and the same when we reach paragraph 2. It is not my preference. It is just whatever the committee would prefer, and I should like to get an expression of opinion from the hon. member for Dufferin-Simcoe because he has the floor at the moment.

Mr. Rowe: Mr. Chairman, if it will expedite the business, I have nothing further to add on the first three paragraphs but I will have something to say on the fourth.

The Deputy Chairman: Paragraph 1 is before the committee for discussion and it has been moved by Mr. Pickersgill:

> That subparagraph (e) of paragraph 1 of the excise tax resolution be amended by deleting therefrom the words "soil pipe for buildings" and that any enactment founded upon this amendment to the resolution come into force on today's date.

The first question is on the amendment.

Mr. Fleming: Mr. Chairman, I have some remarks to make with regard to the excise tax and the resolution in general.

In the first place, sir, it is well that we should remember how heavy a burden the sales and excise taxes constitute on the Canadian people, and any reduction in that burden as proposed in this particular clause and the second and third clauses of the present resolution will, of course, be welcome.

But, sir, there are some features of this matter that deserve further emphasis. The first is that the sales tax is primarily a tax upon goods that are consumed by the Canadian people and the bulk of the tax is levied today upon the necessities of life. A very useful study has been made recently by the Canadian Tax Foundation. It showed that of the sales tax collections of this country about 58 per cent are on consumer goods and, by comparison, only about 24 per cent on industrial purchases. Sales tax collections have been running in the neighbourhood of $650 million a year and 15 per cent of that total is levied on clothing and personal effects alone. Ten per cent of the total is levied upon household appliances, furniture and furnishings. It will be seen, therefore, how heavily this tax bears upon the necessities of life and how much it contributes to raising the cost of living to the Canadian people.

The second fact that needs to be emphasized is that a reduction in the sales tax does not necessarily mean a reduction in the total revenue from the tax. We had a very good example of this last year. A year ago the government proposed and parliament approved a reduction from 15 per cent to 10 per cent in the excise tax levied on automobiles. The result of that reduction in the rate of tax was not a reduction in the total revenue yielded to the government from the remaining tax. Actually the government derived more revenue from the remaining 10 per cent excise tax than it had collected the previous year on the 15 per cent levy.

There is another matter that does, I think, call for some comment on the part of the minister. It is the report submitted early this year by the Carter committee, a committee of experts headed by Mr. Kenneth Carter of Toronto. That report was distributed in the house on March 26, and its importance must be recognized. The minister in his budget speech, while making passing reference to it, did not indicate what the government proposed to do in respect of the extensive recommendations contained in the report of the committee on the four broad questions that were submitted to it by the minister. These are all important subjects, and I think it is time that the minister gave the house some indication of what action the government proposes to take in the light of these recommendations.

Sir, the recommendations have much intrinsic value and their value must also be reckoned in the terms of the yield of these taxes. For the fiscal year 1955-56 the minister collected, according to his budget statement, $640 million in sales tax and $260 million in other excise taxes for a total of $900 million. He indicated that he anticipated collecting in the present fiscal year $675 million from sales tax and $265 million from other excise taxes for a total of $940 million.

The report of the Carter committee is particularly relevant in relation to the question as to the level at which the sales tax is going to be collected in the future. Hitherto it has been a tax collected at the manufacturer's or producer's level where the tax is hidden and where it has the quality of collecting one mark-up after another as the goods proceed from the hands of the manufacturer to the wholesaler, to the jobber, to the retailer and finally to the consumer. Both the sales tax and the excise tax are hidden taxes. The consumer pays them without being aware of them, and they are popular with the government for that reason. The consumer is not aware that the goods he is purchasing are subject to this tax and to the series of mark-ups on the tax as the goods proceed from the original level into the consumer's hands. Therefore what the Carter committee has had to say as to the level at which taxes of this nature may be collected is very relevant to our discussion at this moment, and certainly a statement of government policy, in the light of the recommendations of the Carter committee, is overdue.

There is one other matter on which the minister should make comment now. It arises out of the recent decision of the Supreme Court of Canada on the question of the proposed levy of sales tax on goods produced for a retailer under his own brand. The Supreme Court of Canada delivered its judgment on June 11 on an appeal from the Exchequer Court of Canada on this point. The supreme court decided that the tariff board, before which the question had originally come, had acted beyond its powers in ruling on the question. This question was submitted by the Department of National Revenue to the tariff board and this matter proceeded on an appeal from the Tariff Board to the Exchequer Court of Canada and finally to the Supreme Court of Canada. The decision of the Supreme Court of Canada dealt with the matter of jurisdiction of the tariff board originally to entertain the question but left the question of the tax still somewhat at large, and I ask the minister for a statement as to what the government now proposes to do in the light of this decision.

I have said that we welcome the elimination of sales tax on the list of goods that are enumerated in the first three clauses of the present resolution. We are only sorry that the elimination does not proceed further. There are many examples that one could bring before this committee to establish that the minister should go much further in withdrawing the imposition of the sales tax upon commodities that should not be regarded as luxuries or indeed as anything but necessities. But I am going to deal with one subject in particular and I shall do so briefly.

The subject is by no means a new one but I think that urgency is attached to it in the light of the fact that taxes continue to be imposed upon chocolate candy, and confectionery products. The sales tax on these goods is 10 per cent. During the war, in 1942, a special excise tax of 30 per cent was applied to these goods. That tax was removed in March, 1949 but was reimposed in September, 1950, at the former rate of 30 per cent. The rate was reduced in April, 1951, to 15 per cent and, in April, 1954, to 10 percent and it continues at that rate at the present time. The industry has had to face the burden of a substantial rise in material costs, and the burden is becoming more acute because of the discriminatory effects of the tax upon Canadian producers.

In the maritime provinces there are two large plants which have not a large local market to draw upon but which are geographically favourably situated to engage in the export trade. But, Mr. Chairman, the effect of these taxes is to place those industries in an inferior position in respect of their former export trade. High tariffs in European and South American markets have restricted their exports; and in attempting to export to the United States they have been met with import duties based on Canadian home market prices which include the sales

and excise taxes aggregating, as I have indicated, 20 per cent. Recently the United states government ruled that the sales tax of 10 per cent might be deducted for customs purposes on exports into that country but that the 10 per cent excise tax must be included. This has been an important factor in preventing these Canadian industries from exporting to the United States. At the same time they have been faced with competition from overseas producers. I think it would interest the house to have one or two statistics on this subject.

Since 1942 when the excise tax was first imposed upon the candy and confectionery industry, the federal treasury has collected in excise tax from that industry over $150 million and in sales tax over $50 million. Let us look at the position created in relation to competition with importations. In 1949 the importation of candy and confectionery into Canada amounted to 5 million pounds. I just give the house round figures. In 1955 that total had increased to 25 million pounds. That is a five-fold increase in the short period of six years. It is not simply a matter of increase in population or of the Canadian people developing a sweet tooth. In 1940, when the population was 11,500,000 the per capita annual consumption of candy and confectionery in Canada was 12.17 pounds. By 1955, when our population had increased by over 4 million, the per capita consumption was 11.82 pounds of candy. Hence we can see that the Canadian producers are not holding their former share of the Canadian market.

One reason—and in my submission it is the principal reason—why they are not retaining their former share of the Canadian market is that they are being subjected to heavy and discriminatory taxes. It seems to me that this type of tax is supported, in the mind of the government, on the theory that chocolate is a luxury and not a food. To most Canadians I think that chocolate is a food and not merely a luxury.

I submit that the time has come when the government ought to take resolute measures to reduce the taxes that are being imposed today upon this product. In particular, in my submission, the excise tax ought to be removed forthwith. While the minister has not made such a proposal in his budget this year, I hope he will recognize that this matter is one of great urgency and that it requires immediate redress.

Mr. Leboe: I do not intend to make a speech, Mr. Chairman. I just want to enlarge upon one matter that was raised previously in connection with this department. It has to do with the sales tax on finance charges on manufactured goods. If I recall the matter correctly, the tax is levied on finance charges where a subsidiary or an associate company does the financing. It is my view that the word "finance" in the act refers to the financing of the operation and not the financing of the sale. I think a distinction should be made in respect of the financing of the operation of manufacturing an article and the financing of the sale of that article. It is my view that the tax on the financing of the sale of an article is not right. I do not think it is right in principle. Where the finance charges are part of the operation in the manufacturing of the article, I think it is quite legitimate to consider them as part of the sale price; but I do not agree that the financing of a sale even through an associated company should be part of the taxable price of the article. When a company finances the sale through ordinary finance companies and other channels beyond arm's length as it were, the money thus involved in the finance charges is not a taxable item. I would ask the minister to consider that whole matter again, and I would also like him, if possible to give me some idea of the discussion which took place in respect of the matter when it was brought before the committee.

Mr. Green: There is one other point that I should like to place before the minister and that has to do with the fact that sales tax is levied against work being done by the city archivist in Vancouver. There we have a very keen archivist, Major J. S. Matthews, who has made the building up of the city archives his life's work. He has run into this difficulty. Whenever he has an old photo reprinted or pictures taken of some old documents and binding done, in all work of that kind he has to pay sales tax—I think it is 10 per cent. Now, the provincial archives do not pay any tax at all—I presume because the federal government cannot tax provincial governments. But it does seem to me that in a case of this kind, where work is being done as a service to the community and not in any way for profit or for advertising but purely as a matter of preserving the records of the city, there should be exemption from the sales tax. The copies that are produced are given away; in fact, in some cases are given to the parliamentary library. I know that Major Matthews presented four or six volumes having to do with the history of Vancouver to the parliamentary library; and, of course, on all of the material that went into those volumes a sales tax had to be paid. I do suggest that where archives of this kind are kept by a municipality, or by any other public body, encouragement should be given by way of exempting them from the payment of this sales tax. We have all too little of this type of activity in

Canada, and I know it would be of great help if some provision could be made in the law so that work of that nature could be exempted from the sales tax.

Mr. Harris: Mr. Chairman, I am grateful for the suggestions that have been made on the first three clauses of the bill. May I say briefly that every one of those suggestions will receive careful consideration.

Perhaps the hon. member for Eglinton would expect me to say a little more with respect to the sales tax committee report. As I indicated in the budget, we received this report late last fall, and I asked my staff and the staff of the Department of National Revenue to make study of it in preparation for consideration at this session. However, it was clear that the minor points that were pretty obviously desirable to deal with could be dealt with, and so we suggested to them that we should concentrate on those and dispose of them in the course of the excise tax amendments. There are one or two here that follow up on the report.

On the main points, however, it was not possible to prepare any paper for the house or any discussion about the wisdom or otherwise of some of the recommendations, and I postponed consideration of them until summer when I thought I could do some of the work on them. I assure my hon. friend that what part of the summer is left will be devoted to them because there are very few things we have not been able to keep abreast of, but this is one of them.

Mr. Green: Will the minister say something about this question of taxation on archives?

Mr. Harris: I meant to cover that. The work of public-spirited citizens of this kind is to be commended, of course. The question always arises, however, as to whether they ought to have tax exemption, having in mind the fact that commercial firms that do that kind of work are subject to taxation, and this is the principle involved. It is a matter of judgment, perhaps, in any particular case, but in general the feeling is that a body of this kind which indulges in work on its own should not be unfairly competing with commercial ventures that are doing work that would be subject to taxation. Nevertheless, I have had representations of this kind made and I am glad to know that the hon. member for Vancouver-Quadra has added one more. We are looking into the matter to see whether it would be proper for the federal government to recognize activities of this kind in the tax laws.

Mr. Green: These archives are not kept by an individual.

Mr. Harris: I realize that.

[Mr. Green.]

Mr. Green: They are official archives of the city of Vancouver, with the office right in the city hall. It is a municipal undertaking. I am not arguing that records preserved by private individuals should be exempt. This is the case of a municipal organization.

Mr. Harris: I recognize that, and we shall continue to consider it; but when my hon. friend speaks of reproducing certain photographs, that is the kind of work a commercial venture would do, but I shall consider the representation he has made.

Mr. Fleming: The minister has not yet explained his amendment and the reasons why the proposed exemption in favour of soil pipe for buildings in the list of building materials is being withdrawn.

Mr. Harris: I think I had better be formal about this and put the explanation on the record.

This amendment to the resolution is intended to cancel the change concerning the exemption for soil pipe contained in the resolution announced in the budget speech.

The Excise Tax Act for a number of years has provided that "cast iron soil pipe and cast iron fittings therefor" shall be exempt from sales tax. Representations were made before the budget that new types of soil pipe made from substances other than cast iron are now available for use in buildings. It seemed reasonable to place these new types of soil pipe in the same tax position as the older type and accordingly the resolution as announced in the budget speech proposed that the words "cast iron" be deleted from the description of this exempt commodity.

Since the announcement in the budget speech it has come to light that the pipe made from substances other than cast iron is used for a number of purposes and there is no way to distinguish between this pipe sold for use as soil pipe and that sold for many other purposes. To restore the exemption to one which it is feasible to administer and to remove the present uncertainty in the industry it is now proposed to leave the wording of the exemption for soil pipe the way it stood before the budget speech. This amendment to the resolution will have that result.

In other words, we shall continue to have the exemption for cast iron soil pipe and cast iron fittings therefore.

On the chance that some pipe made from substances other than cast iron may have been sold as soil pipe in the interval since the budget announcement it is proposed that the bill based on this resolution will provide

an exemption for soil pipe made from substances other than cast iron sold during the period March 21 to the date of this announcement.

Mr. Fleming: Does this indicate that the matter is closed in the view of the minister, or is it open for further consideration? It strikes one, after hearing the minister's explanation, that while it may be necessary to take the proposed action at this time, nevertheless the matter is one worthy of further study and consideration.

Mr. Harris: Yes, Mr. Chairman. It is quite obvious that our intentions were good, but it was not possible to carry them out as we had thought, and we are still considering the problem.

Amendment agreed to.

The Deputy Chairman: Does that conclude the discussion on paragraph 1?

On paragraph 2 of the resolution it is moved by Mr. Pickersgill:

That paragraph 2 of the excise tax resolution be amended by adding thereto a new subparagraph (c) to read as follows:

"articles of cut glassware, crystal glassware, cut or not, etched glassware or metal decorated glassware, all the foregoing when sold for use in the preparation or serving of food or drink".

Shall the amendment carry?

Mr. Fleming: I presume the minister has an explanation that he would like to put on the record. We like any amendment that eliminates tax.

Mr. Harris: I am sure everyone would agree that this was a desirable amendment, sir. The law now provides an exemption from the special excise tax for articles of china, porcelain and earthenware used in the preparation or serving of food and drink. Moreover, articles for this purpose made of wood or plastic are not liable for this tax. On the other hand, articles for serving food or drink made of glass, such as glass cups, saucers, and drinking glasses, are subject to this tax if they have any cutting or metal decoration and these are in direct competition with exempt china, porcelain and plastic articles.

Since a large part of the glassware items used in the preparation or serving of food or drink have a manufacturer's price of less than 50 cents, the competitive disadvantage due to the tax was formerly not too serious but now that it is proposed to withdraw the 50 cent exemption the full effect of the tax is felt upon lower-priced glassware items. For this reason it is considered desirable to place all glassware products used in the preparation or serving of food and drink on the same tax footing as china, porcelain, earthenware or plastic products used for this purpose.

Any enactment based on this amendment to the resolution will come into effect on the same date as the resolution, March 21 of this year.

Amendment agreed to.

The Deputy Chairman: Does that conclude discussion on paragraph 2? Is there any discussion on paragraph 3? On paragraph 4?

Mr. Rowe: Mr. Chairman, this is one paragraph which as I said is strangely incorporated in this resolution and it is one concerning which this party has registered its disapproval in the past.

I must say at the outset I have no apologies to make for the position this group has taken concerning this matter both in recent days and some years ago and it is not because of any lack of regard or concern about the development of Canadian magazines as such. We have many excellent Canadian magazines. I am not going to list any of them for fear I will leave out some small ones which are as important as some of the larger ones. I will simply comment that we have many splendid magazines in Canada that have contributed and are continuing to contribute a great deal to our general culture and progress in various ways. Their development has been somewhat of recent date as far as time is concerned.

I well recall that the party with which I was associated a few years ago, under the direction of the Right Hon. R. B. Bennett, did impose a general tax on all United States periodicals coming into Canada. This was a tax on those periodicals that were printed in the United States and it applied to all of them. Since that time we have seen in this country a great growth of the number of magazines sold here and there is now a circulation of some four million of the good magazines that are an inspiration to all readers in this country of which we can be justly proud.

I do not want to be misunderstood. I know there is not an hon. member in this house who is not strongly desirous of encouraging the development of Canadian magazines and seeing them flourish and assume their role of influence throughout this country.

I can well recall that in this house at the time the general tax was imposed some years ago by Mr. Bennett those who now sit to your right, Mr. Chairman, were in opposition; and I remember the hue and cry raised by the late William Lyon Mackenzie King and his cohorts, the champions of free trade and the exchange of ideas and everything else that goes to make up what he referred

to as international good will, and their vigorous objections to having even a general tax that might apply to all the magazines including those manufactured in the United States. It must be remembered that this was a tax quite different from the one we are presently discussing.

The latter tax represents an unprecedented move. It is wrong in principle and it is bound to be dangerous in practice. It is discriminatory and unfair.

At that time Mr. King spoke in vigorous objection to the imposition of the general tax as reported at page 3880 of *Hansard* for 1931. It was described by Mackenzie King as:

. . . a tax on thought and literary art.

To the extent that the Bennett legislation was effective in blocking the entry of United States publications, it would be, Mr. King warned:

. . . a prohibition upon thought and ideas conveyed through these media to the people of this country.

I repeat that this was a general tax to be imposed on periodicals printed in the United States. It was not a tax on their subsidiaries in Canada. Mr. King said further, as reported on the same page of *Hansard* for 1931:

All advances that are made in civilization are the result of ideas, and in any way to preclude the possibility of a good idea having its opportunity of fruition to the full in any quarter is to retard to that extent the progress of civilization itself. In these days there is probably nothing more important than... that each nation should begin to appreciate the intellectual ideals and currents of thought that prevail and sway opinion in other countries. Viewed in this light the tax becomes a tax upon international good will.

He went on to say further:

I deplore any tax which will in any way restrict the widest spread of views and ideas throughout communities, particularly communities that are neighbours.

He also went on to say:

I do submit that the people themselves are much more capable of judging what they should read, what they have the right to read and what they wish to read than is my hon. friend.

He was referring to Mr. Bennett in this instance. Mr. King went on to say:

The proposed tax is one upon art, because after all art is a result of the expression of ideas. It is a tax upon invention, because invention is the offspring of ideas. To my way of thinking it is more or less a tax upon everything which makes for progress.

I am somewhat surprised, Mr. Chairman, to find that those who worship at the shrine of the late William Lyon Mackenzie King, these great champions of free trade and the free expression of ideas, the advocates of good will and all the rest of it, these people who would not do anything to provoke the United States, who say "We must not provoke our friends in the United States", now turn around and propose to this house a resolution such as this, a part of which no one could oppose and which yet incorporates a clause that everyone should oppose, a clause that is as unfair as it is unprecedented and one that the late Mackenzie King would have deplored even more than he deplored the general tax.

If the party to your right, Mr. Chairman, could oppose a general tax on periodicals printed in the United States and being purely United States products, surely they cannot justify supporting a tax on subsidiaries of those companies here in Canada.

This tax which is proposed is dishonest because I do not think it will serve the purpose for which it was intended. I do not believe it will help any Canadian magazine. It will not help any Canadian advertisers nor will it help the millions of readers who in these days of international stress and strain feel they should know as much as they can about other countries as well as their own and obtain this knowledge in part by reading magazines printed in other countries.

The type of policy embodied in the proposal before us is totally unprecedented. There has been nothing that has passed in this house at any time that smacks as much of what one might call international provocation. This is only a sample of what happened recently in Maryland when it was proposed that a Canadian company would not be allowed to establish there because it might become a competitor to local companies and the governor of Maryland vetoed the proposition because of the danger. May I submit that as a general principle this is equally objectionable. As I say, it does not help Canadian magazines perhaps as much as they think it does or perhaps as much as the government intends it to help some of those who they think may be their temporary friends. It is a penalty, it is true, on United States subsidiaries located in Canada. Those subsidiaries share the benefits of being established in Canada, it is true, but they are corporations which pay taxes and carry obligations similar to those of any other subsidiary in Canada. It establishes a dangerous precedent by which the government can restrict competition whenever they please. With this precedent, if you see a subsidiary developing in the United States—my friends to your right practically subsidized branch companies not so long ago to come into Canada and now they penalize those who are already in here.

When it was proposed in his budget I heard the minister say what it meant to aid the development of Canadian culture; but may

I submit that there are many other articles coming into Canada in many other ways which might be considered as helping to develop the right kind of culture or encourage proper culture in Canada. I am thinking of the comic strips and the borderline pocket-sized magazines which I believe in many cases have an influence upon the morality of our young readers. There has been nothing along that line.

The present government says that they want to develop Canadian culture and yet their own particular government monopoly, the C.B.C. and television, buys programs from the United States in the way of entertainment. Fifty per cent of all the programs and entertainment we have over the C.B.C. and television today in Canada are 100 per cent United States. Their own agency buys them and sells them to Canadian advertisers for 40 per cent less than they pay for them. Those programs are 100 per cent United States and yet they pick out two magazine subsidiary companies which are established in Canada and impose this tax upon them.

It is difficult for one to comprehend why this is done. Not only that, they say that the gross advertising revenue of these magazines will be taxed 20 per cent if there is any advertising in the magazines which does not appear in the non-Canadian magazine in the United States. There was a general tax in effect and when Mr. King came into power that government repealed the tax altogether because it had been condemned so vigorously by them. On March 13, 1936 when the Bennett tax was revoked by this government Mr. King had this to say to Mr. Bennett:

> I would ask my hon. friend whether as a matter of fact the tax was not just one more protectionist device intended to limit competition rather than promote the development of culture?

Mr. Bennett replied as follows:

> I assure him that protection was not the question; it was a question of having foreign advertising in Canada make some contribution to the country. I want to be fair.

You can see the distinctive difference between the two types of tax. The government of that day was saying, as vigorously as the Right Honourable W. L. Mackenzie King could say, that they opposed this general tax on publications which were printed 100 per cent in the United States; yet now we have a government of the same party trying to re-establish a tax on a special few, you might say on two magazines, because 25 per cent of it is the same as if printed in the United States.

Surely if we are going to try to encourage Canadian culture the C.B.C. and television should not buy 100 per cent United States programs and sell them at a loss of 40 per cent to the Canadian taxpayer. What this government now proposes to do is to subsidize 100 per cent programs by their own agency and penalize two subsidiaries of United States companies because they are carrying 25 per cent of a certain type of advertising. I hold no brief for any magazine in Canada, as these magazines do not need any brief by me.

We have excellent magazines such as *Saturday Night, Maclean's* and many others. They have developed and will develop. These magazines represent more than four-fifths of the total magazine reading in Canada. There will be about one million people who will wonder why this penalty is imposed upon *Time* and *Reader's Digest*. We have many magazines in this country which have developed, as every hon. member knows. I have read *Reader's Digest* and *Time* and they are newsy magazines. They contribute a great deal with their ideas as to what is going on in that country and as to what is happening throughout the world in these days when international good will and international knowledge are more important than at any time in our history.

It seems to me that if a quarter of a century ago it was wrong to place a general tax on magazines which were not being taxed in any other way, surely if that was considered a curtailment of the freedom of the press to a degree, if that curtailed the dissemination of knowledge and ideas of international good will you might say to the extent emphasized by the late Right Honourable W. L. Mackenzie King, how much more would it be so today in the case of these subsidiaries established in Canada and having all the rights of any other subsidiary. They are being singled out and told that they must pay a 20 per cent tax if 25 per cent of their reading matter is similar to what is printed in the United States. Even if it is not, even if it is all Canadian reading matter, if they advertise something in Canada which they do not advertise there—the minister shakes his head, but the last section of the resolution reads:

> (ii) containing any advertising material that is not contained in such non-Canadian periodicals.

Mr. Harris: That is joined by "and" to the preceding paragraph.

Mr. Rowe: It is indeed passing strange, Mr. Chairman, that this government, which has warned so long and so loud that we must not provoke the United States, and that is the reason they cling to that dusty old doctrine of free trade in everything, in the exchange of goods and ideas, should now propose such a clumsy and discriminatory

form of tariff protection. I can well recall how recently they chided members of this party, and even misrepresented their remarks, in order to try to prove that we wanted no truck or trade with the United States. They overemphasized that, and yet at the same time they would propose something as dangerous as this. Today we have an unfavourable trade balance which is now growing at the rate of over $3 million a day.

Despite the fact that the textile producers, the rubber footwear people and many other branches of industry have been pleading with this government to do something for them, and in spite of the fact that this government pose as the champions of freer trade—almost world champions at GATT and every place else—in spite of the fact they pose as the champions of free trade, the freer exchange of goods and ideas, they now propose a clause such as this. It seems to me that these past masters of this freedom of the exchange of goods and ideas are now the present architects of clumsy high protection where it is least needed. I urge the minister to reconsider this clause. I urge him to delete this clause from what is otherwise a sound, progressive step in repealing taxes which I think should have been repealed long ago.

Again I say that in this unprecedented move we have you repenting, in one case, for having imposed the sales tax that you said you never would impose, then you turn around and impose a tax that you formerly condemned, a tax on magazines. I believe that United States magazines coming in here should pay something, along with our own magazines. Again I say that to impose a tax such as this is unsound, unfair to subsidiaries and dangerous in relation to good will. It is extremely provocative. You are trying in vain to help a few and most disastrously affecting only a couple of all the United States periodicals. There are several other reasons I could advance to the minister, but if he will take no cognizance of the ones I have given I shall not delay the house by telling him any of the other reasons why this clumsy protection should not be adopted by these champions of free trade.

Mr. Zaplitny: I merely wish to ask a question at this point. Paragraph (b) of clause 4 of this resolution sets out the conditions for deciding whether or not the publication comes within the meaning of the resolution. I should just like to quote that first part:

> (b) That for the purpose of subparagraph (a) a "special edition of a non-Canadian periodical" means a periodical printed in or outside Canada for publication in Canada
>
> (i) containing editorial material at least 25 per cent of which is the same or substantially the same as editorial material contained in a non-Canadian periodical, whether in the same or in some other language—

Now, the question I should like to ask is, how does one, looking at it from the administration point of view, decide what is meant by "the same or substantially the same". Who is going to be an authority to read these special editions and make the decision as to what is meant by "the same or substantially the same"? Has the minister already decided upon a standard or criterion?

Mr. Harris: The answer is that the Minister of National Revenue, of course in conjunction with our department, will make the regulations, but the minister will be responsible for the determination of the question. However, should anyone affected by the decision desire to do so, he has the normal appeal to the courts.

Mr. Zaplitny: Let me ask another question along the same line. Mention is made of the fact that it must be the same as editorial material contained in a non-Canadian periodical. What would happen, for example, if a Canadian periodical that is published and printed in Canada published a certain editorial and one of these special editions owned in the United States but published in Canada reprinted the same editorial. Obviously it would be the same, and would that come within this definition?

Mr. Harris: That would be Canadian material, and it would not be material originating in the parent magazine, so to speak, so it would be counted in favour of the magazine in order to increase the percentage of Canadian content and reduce the percentage of non-Canadian content.

Mr. Pallett: I am rather interested in the latest comments about Canadian and non-Canadian content. What does the minister have in mind when he uses the expression "editorial content" in this section?

Mr. Harris: The phrase in the clause as printed is "editorial material" and not editorial content, so I should have used the words "editorial material". The question was whether or not Canadian special editions who are republishing an editorial printed in a Canadian newspaper would have that material considered as editorial material which would be counted in arriving at the 25 per cent. I made it clear that the origin of the editorial in a Canadian newspaper would be regarded as Canadian, and that the reprinting of it would not be counted in the 25 per cent non-Canadian material.

Mr. Pallett: What do you have in mind when you use the expression "editorial material" in the section? Are you referring to the complete contents of the magazine or to the editorial material?

Mr. Harris: No, it refers to everything in the magazine except the advertising.

Mr. Pallett: I suggest to the minister: If that is what is intended, change draftsman in the department, because I suggest very seriously you are giving an out. In other words, you are paying lip service to the Canadian magazines and the Minister of National Revenue is going to be faced with many law costs in enforcing this section.

The Deputy Chairman: Does that conclude the discussion of clause 4?

Mr. Fleming: Before you leave 4, is the minister not going to say anything about his proposed tax?

Mr. Harris: I will do so later on second reading, but we are approaching five o'clock, the private members' hour, and I thought if we could pass the resolution, even if on division, I would then speak on second reading.

The Deputy Chairman: Is there any other discussion on clause 4?

Mr. Fleming: If you are putting a vote on 4, then it is carried on division.

The Deputy Chairman: I should point out to the committee that this is one resolution, but it is divided more or less for discussion purposes. I must put the whole resolution. Shall the resolution as amended carry?

Some hon. Members: Agreed.

Resolution reported and concurred in.

EXCISE TAX ACT

Hon. W. E. Harris (Minister of Finance) moved for leave to introduce Bill No. 450, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read the second time?

Mr. Harris: Later this day.

The Acting Speaker (Mr. Applewhaite): Now, by leave?

Mr. Harris: Later this day.

Mr. Fleming: We have not even seen the bill. I understand the minister was going to propose that it be read later this day, that the bill would be distributed immediately and that we might have at least from now until eight o'clock to look at it.

Mr. Harris: The bill is ready and I hope hon. members who are interested will obtain copies so we can take second reading later.

The Acting Speaker (Mr. Applewhaite): The bill will be read the second time later this day.

SUPPLY

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee of supply.

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

The Deputy Chairman: Resolution No. 58. Hon. members will find this resolution on page 12 of the book of estimates with the details starting on page 143.

Mr. Pickersgill: Mr. Chairman, I spoke to one of the gentlemen opposite last evening and suggested that it might be more convenient to let the item on departmental administration stand and take whichever branch of my department the hon. member would like to discuss first. The nature of my department is such that it is rather absurd to try to have a general debate mixing up immigration, Indian affairs, the national gallery and so on. I would be quite prepared to have whatever general debate was wanted on any of the branches if hon. gentlemen would indicate which one they would like to take.

The Deputy Chairman: Is it agreed that item 58 shall stand?

Mr. Fulton: There was some discussion last night, Mr. Chairman, and as far as we are concerned, and I believe this meets the wishes of a least one of the other parties in opposition, we would prefer to take the immigration branch first. If that is agreeable to all hon. members perhaps we might proceed with item 65 and have a general discussion on immigration.

Mr. Pickersgill: That would be thoroughly agreeable to me, sir.

The Deputy Chairman: Is that agreed?

Some hon. Members: Agreed.

The Deputy Chairman: Then item 58 will stand and we will take resolution No. 65.

Immigration branch—

65 Administration of the Immigration Act, $950,650.

Mr. Fulton: Since I do not think the minister has had an opportunity to do so previously this session and since his estimates were not referred to the special committee,

may I ask him to make a short statement on the immigration position in Canada with reference to any changes between this year and last year?

Mr. Pickersgill: I had not prepared any statement, and I think it would be much more interesting to find out from hon. gentlemen opposite what they are really interested in and then I will try to talk about those topics.

Mr. Fulton: Mr. Chairman, I am sorry indeed that the minister has no statement to make because there are a number of matters of importance to be discussed in connection with immigration and there are a number of criticisms to which his department has been subjected with respect to its immigration policy over the past year and we would have liked to hear the minister's views on them. I think it would have made for a more useful discussion. However, there is no way in which we can compel the minister to make any statement so I will have to present the criticisms and make the suggestions that we have in mind.

A few days ago I asked the minister for figures as to the number of immigrants reaching Canada in the first six months of this year. On July 24 an answer was given which showed that in the first six months of the years 1954, 1955 and 1956 respectively the number of immigrants arriving in Canada was 85,765, 58,417 and 69,938, with the total for June of 1956 being estimated, but I understand that will be very close to the actual total. We are pleased to see that there has been a small improvement in the figure for the total of immigrants landing in Canada for the first six months of 1956 as against the first six months of 1955 when the figures were disappointing in the extreme. But I do not think there is room for very great satisfaction in that the figures are still appreciably below those for 1954 and the figures for 1954 were in turn quite appreciably below the figures for 1953.

Therefore, although we have what might be called an arresting of the downward trend from 1953 to 1955 inclusive we have not gone very far yet towards recovering the high point of immigration which was in the years 1952 and 1953. I am under the impression that one of the reasons for the improvement that is to be noted is one or two ways in which immigration policy has been changed and greater inducements or assistance held out for immigrants to come to Canada. These have not gone anything like as far as we would like to see them go as yet but I think they should be remarked on and I feel bound to observe that it is in some respects again a policy of too little and too late.

One of the matters which we in the official opposition had been pressing for a number of years was an extension of the assisted passage loan scheme with respect to immigrants from the United Kingdom particularly but also European countries to cover the members of the family instead of its being confined, as it used to be, to the head of the family only. We pointed out and pressed as strongly as we could that there were numbers of cases where in our view lack of assistance to the members of the family resulted in potential immigrants declining to come to Canada because, although the head of the family could come out, it meant that for an appreciable time, perhaps a year, perhaps as much as two years, his family would be separated from him and that when immigrants were weighing the pros and cons of a decision to emigrate to Canada that factor might and almost certainly would be a very powerful determining factor in arriving at their decision.

Constantly and consistently the department through the minister—when I say "department" I wish to emphasize that I mean the minister because he assumes the responsibility—took the view that this was not a well founded argument. In fact, I recall being told that it was considered that it would perhaps be more to the advantage of immigrants under these circumstances for the breadwinner to come out ahead and get himself established in Canada and then later, when he was in a position to do so, send for the other members of his family. It was strange that not more than a few months after the last time that statement was made to us officially in the estimates committee when considering the minister's department last year the department suffered a change of heart and the policy was reversed. The very thing which we had been told it was neither desirable nor practical to do was in fact done and the provisions of the assisted passage loan scheme were extended so that dependent members of families of proposed immigrants could be assisted under the scheme. I think it is a coincidence which we are bound to discuss and to which we are bound to direct attention that not long after that change was made there was observable some improvement in the figures with respect to the number of immigrants coming to Canada.

I do not want to be petty about these things. I would say that any change is better late than never. I mean that. I am glad that the department has changed its policy in that particular. I think we are entitled to say—in fact, I believe we are bound to do so—that this result demonstrates the truth of the assertion that we have often made,

namely that the minister is not really taking all the steps that could and should be taken to encourage and to facilitate immigration into Canada. The unfortunate part of this matter is that, during the years when they refused to take this simple and sensible step, there were lost to Canada large numbers of desirable immigrants who found it easier for them to go to other countries, such as Australia in particular, which extended to them facilities similar to those now being extended at this late date under our assisted loan passage scheme.

If one analyses the figures with respect to immigration into Canada and into Australia, one will see that they demonstrate beyond doubt that Canada has been lagging behind and has been suffering because of the lack of an aggressive policy in encouraging immigrants from the United Kingdom and, to a considerable degree, immigrants from other countries in Europe.

I also recall that we used to be told that we did not want to do what Australia was doing in respect of encouraging immigrants, that they were finding that their policy of extending generous assistance to the immigrants in meeting their passage was not working out, and that Australia was receiving a large number of undesirable immigrants. The inaccuracy of this assertion or this defence of department policy is proved in the light of the fact that Australia has just recently re-embarked upon a further five-year immigration program. I am quite sure the minister would not wish to accuse of irresponsibility the government of Australia or that of any other country. It therefore cannot be maintained that the Australians have found that among the immigrants they were getting were a large number of undesirables, because to say so would be to assert that the Australian government was irresponsible in the extreme in repeating that experiment or in fact in increasing their efforts in another five-year program to get immigrants from the United Kingdom on an assisted basis. Canada has therefore been suffering as a result of a weak government policy with respect to the encouragement of immigration into Canada.

I noticed a report in the Montreal *Gazette* of January 13, 1956. It shows that it is not only by the United Kingdom that preference is being shown for Australia but it is being shown by other European countries as well. This is a dispatch from Geneva. It is headed "Many Immigrants" and reads as follows:

> Geneva—Australia has replaced the United States as the principal area for resettlement of Europeans migrating to new homes under international auspices. During 1955 nearly 54,000 persons were resettled in Australia by the intergovernmental committee for European migration. This was 45 per cent of the total number of people aided by the committee during last year. The United States was second on the list of reception countries with 20,523 migrants assisted by the committee. The committee is a 26-nation agency which offers shipping, screening and other services to countries interested in promoting either emigration or immigration.

Some tentative criticisms have been advanced against us here because it is said that we have been saying that we should copy Australia and that Australia gets the bulk of her immigrants from the United Kingdom. We have not been saying that we should copy Australia in every detail, but we have been saying that we compare badly with Australia in terms of aggressiveness of our immigration program. It is now demonstrated that Australia's immigration program is not confined to immigrants from the United Kingdom. As we see, nearly 54,000 persons were resettled in Australia from Europe in the year 1955.

Surely it cannot be said that the opportunities in Canada are inferior to those in Australia for the settlement and establishment of immigrants. If such a thing were said, I would certainly deny it. That being the case, where is the blame to be laid for the fact that we do not get as many immigrants to Canada as Australia gets? I think the answer is inescapable. I think the blame lies at the door of the Department of Citizenship and Immigration and that the responsibility rests with the minister who declines to inaugurate and follow through sufficiently aggressive policies to bring immigrants to Canada.

Mr. Chairman, I note that it is five o'clock.

At five o'clock the Speaker resumed the chair.

HOUSE OF COMMONS

TELEVISION PROGRAM "THIS IS OTTAWA"—EARLY ADJOURNMENT OF HOUSE

Hon. W. Earl Rowe (Acting Leader of the Opposition): Mr. Speaker, on a question of privilege, I should like to ask the leader of the house to clarify one matter in view of the statement he made last night, near the end of the sitting, to the effect that the house will adjourn tonight at ten o'clock. I note that arrangements for television have been made. I would ask the leader of the house to explain just what are the arrangements, and why the house might adjourn at ten o'clock for that purpose instead of at eleven o'clock. I would ask him to tell us just what are the plans.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I would hope that it would be possible beforehand to do the amount of work we had in mind. However, this situation arose out of the request that we vacate

the chamber at ten o'clock or before that time so that one of the items in the program "This Is Ottawa" might include in it a television shot, or perhaps more than one, of the House of Commons as a chamber.

At the outset of the correspondence leading up to this arrangement, there seems to have been an impression that it was the desire to televise the chamber in session. Such, of course, was not the case. The subsequent advice we had was to the effect that all that was required was that these lights might be installed and that shots might be taken of the chamber in order to give background material, I suppose, to a story or narrative which was being broadcast at the time. The intention, therefore, Mr. Speaker, is not to have any members in the house. In other words, the request was that we should adjourn at such a time that we would not be in the chamber when the television apparatus was functioning. It was on that basis that I mentioned the matter last night. I therefore propose that, a few minutes before ten o'clock, we should in fact adjourn so that there will be no question about the chamber's being vacant when the television program goes on. I understand that the program is live, in part at least, and that the purpose will be to interview some persons in connection with the work of the House of Commons. When, through the party whips, consent was given to this arrangement, I am sure that it was not the intention that any member of the house should be televised in the chamber itself.

PRIVATE BILLS

Mr. Deputy Speaker: There are two private bills at the committee stage. Is it agreed that I do leave the chair for the house to resolve itself into committee of the whole on both of these bills?

Some hon. Members: Agreed.

PERSONAL FINANCE COMPANY OF CANADA

The house in committee on Bill No. 160, respecting Personal Finance Company of Canada—Mr. Lefrançois—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Name changed.*

Mr. Knight: Mr. Chairman, I do not think the clause should be allowed to carry without some statement from those who have rather consistently opposed it in the committee. I say that for myself, although I was there only a short time. In view of the fact that the clauses have been approved in the committee—it is true with some amendment—I do not suppose we shall call for a vote on this particular bill. I would remind the committee that we have had the experience on this side of the house of having private members' bills eliminated. I am under no illusion at this particular time of the year, seeing that the house is going to close in the fairly immediate future, that our bills which have been held up would not die on the order paper. It is not our intention to do such a thing as that with this bill; but I do think it should be pointed out that we have certain objections, first of all, to the multiplication of certain facilities that are provided by those companies. We think there are other alternatives.

However, to speak to the clause, the first clause has to do with the changing of the name. Some of us opposed that name and I think would still oppose the adoption of the new name. In the committee and in the evidence it was shown that the word "Beneficial" was the name of the parent company in the United States. I think this is one company that is wholly owned by people outside of the country. It is true they use Canadian money to carry on their operations to a large extent, and then lend that money to other Canadians at higher rates of interest. We might have a word to say on the third reading of the bill. However, in speaking to clause 1, we would agree that these names are chosen with some purpose in mind, to our way of thinking, rather deceptive purposes. We in this group are of the opinion that this particular type of institution is not beneficial either to the economy of the country as a whole, or particularly to those people who might be considered as customers of these particular loan companies. That has been our position in regard to the word "Beneficial". However, the matter was taken up in committee and the majority of the committee decided that it was not so objectionable. But we did reserve the right—of course, it is our right in any case—to raise the objection in the house.

Mr. Argue: Mr. Chairman, I do not think there is any reason why we should pass this bill, or this clause. It is true that the parent company is called the Beneficial Finance Company in the United States. The company has been operating in Canada for some years under the name Personal Finance Company. I think that as a parliament we should be careful in allowing companies to use names that suggest that the company itself, by some means or other, is going to hand a favour to its customers or provide something that is beneficial or in the customer's interest. The name should be a neutral name, I suggest, and it should not be something that will convey the wrong impression. I do not think

that under the old rates that are being charged by the Personal Finance Company of Canada, or even under the new rates that will be charged when Bill No. 51 becomes law, they provide anything for the customers that would entitle a company to the name "Beneficial". The new rates, good as they will be, are still high. They range to as high as 2 per cent per month on loans up to $300, or 26 per cent per year, and even in the area of the smallest loans, on loans up to $1,500, the rate will be 1·27 per cent per month, or something in excess of 16 per cent per year, so that the rates that will be charged are still high and will still be a very substantial burden on the customers. I think we should turn down this bill which would allow the company to change its name.

People in this country know quite well what kind of business is being undertaken by small loan companies, and the kind of business they are operating. The rates they charge have been given a great deal of publicity in parliament and in the country this year, and the small loan companies are smarting from the publicity they have been given, so that there is a move now by this company to change its name from "Personal" to "Beneficial".

The small loan companies even wanted the name of the Small Loans Act changed to consumers instalment credit act, something else they thought would give them a better name in the eyes of Canadians generally. If we are to be consistent as a parliament in attempting to curtail not only the excessive rates—but some of the practices of these companies in promoting larger and larger numbers of loans at higher rates of interest, I suggest we should refuse to allow this company to change its name.

Mr. Fairey: I have been asked to say a word on this clause. I think it has been well explained that this particular clause simply changes the name of the Personal Finance Company of Canada to that of "Beneficial". There have been some objections to the connotations which might attach to the word "Beneficial". However, in the banking and commerce committee it was explained that the parent company, the Beneficial Company of the United States, can see certain economies and savings, particularly in the advertising and in services, if they can change the name of the Personal Finance Company of Canada to "Beneficial" because it is in effect one company, and that is the only purpose for the changing of the name.

It is perhaps unfortunate that the word "Beneficial" seems to have raised certain objections, but the whole purpose of it is to have the operations of the parent company and the subsidiary company in Canada work as a unit.

The Chairman: Shall the clause carry?

Mr. Argue: No, Mr. Chairman.

Clause agreed to: Yeas, 48; nays, 19.

The Chairman: I declare the clause carried.

Mr. Hodgson: Mr. Chairman, I think we should have some ruling on this voting. After the voting started seven Liberal members came into the house.

Mr. Weir: How many came in on that side?

Mr. Hodgson: I am not talking about this side.

The Chairman: Order. Some time ago I indicated that I would put the question in this way: "The question is the following one." I am afraid I did not do so today. Earlier today I had to disallow two votes but so far as I could see, although there were several hon. members standing at the curtain, I do not think they were counted on this occasion.

Mr. Hodgson: Well, anyway, seven of them came in after the whole thing started.

Clause 2 agreed to.

On clause 3—*Capital stock.*

Mr. Cameron (Nanaimo): Mr. Chairman, I do not want to allow this clause to go by without pointing out some of the implications of it. I took occasion when it was before the banking and commerce committee to ask the parliamentary agent of this company if this clause in the bill he was promoting indicated that there would be an investment of new capital in this concern and I was told that this would not be the case, that this merely would be the transfer of surpluses to capital account. I think it is important that this parliament and the people of Canada should recognize that the volume of profits that these companies make can on some occasions be concealed by just such moves as this.

It is true enough that the inspector of insurance pointed out to us that this put the capital affairs of the company on a more realistic basis and that it did actually show as capital the funds which the company itself owned and did not show them simply as capital and accumulated surpluses; but I think there is an extremely important point to be noted here and that is the very large volume of profits which are made and retained in the hands of these companies.

During the discussions of the previous small loans bill before the committee there

were determined attempts on the part of many witnesses to persuade the committee members, and presumably to have the committee members then persuade their colleagues in the house, that the real method of computing profits on this operation should be not on the basis of either their original invested capital or even the original invested capital plus accumulated surpluses but rather on the basis of the total funds employed in the operations of the company which is, of course, the method that is employed by some other organizations in this country. I believe the packing companies persist in computing their profits on the basis of their whole turnover rather than on the basis of their capital plus their earned surpluses.

While I do not propose to call a vote on this particular clause I think it is important that we should realize that it indicates quite clearly the volume of profits these companies have been making. This company now has some $9 million worth of accumulated surpluses which it now proposes to reclassify as capital stock in the company. This perhaps gives us a better measure of the profit making abilities of these concerns than the usual statements of the profit and loss accounts.

Clause agreed to.

Preamble agreed to.

Title agreed to.

The Chairman: Shall I report the bill?

Some hon. Members: Agreed.

Bill reported.

Mr. Lefrançois moved the third reading of the bill.

Mr. Deputy Speaker: Is it agreed that this bill be now read the third time?

Mr. Argue: On division.

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

SIGNATURE LOAN AND FINANCE COMPANY

The house in committee on Bill No. 166, to incorporate Signature Loan and Finance Company—Mr. Richardson—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Incorporation.*

Mr. Knight: Mr. Chairman, this bill is to incorporate a new small loan company. Although it is my sincere belief that there are already too many facilities of this sort for the extension of small credit, I am not going into the arguments concerning why I feel this way but it is an inflationary matter. I understand that our instalment credit has now exceeded $2 billion. I am not in favour of the encouragement of this particular type of credit. I propose at the moment to suggest a better way for people who do need a service of this type to obtain it.

There have been a great many revelations both in the committee and in the experience of many hon. members as to the effect that the use of some of these small loan facilities has had upon family life and the economy of working people. I suggest the reason they use this type of accommodation in many cases is that they do not know other types exist which would be more beneficial, and when I use that word I mean it would be more beneficial in relation to themselves and their families.

I admit there are people who have to seek accommodation in order to pay their doctor bills and, in provinces not so fortunate as my own, in order to pay hospital bills and that type of expense. They think they have to have money by which they can consolidate their debts although how they lessen them by consolidation I really do not know. So far as I am concerned, consolidation is only a method of increasing one's debts to a considerable degree.

I think it is true that something in excess of 50 per cent of the people who use this type of accommodation for the consolidation of debts return after the consolidation has taken place because they need more money with which to consolidate their new debt.

My suggestion is this. The price people pay for accommodation of this sort by way of interest is too high and I think this has been stated clearly enough. It has always been a mystery to me what 2 per cent a month means but I obtained an explanation from an authority in the committee. I understand it is 26·8 per annum. I observed that the brief of the Caisse Populaire puts it at a slightly lower figure, 26·46 per cent per annum; but I think those two figures are close enough that we need not quarrel about them.

We in this group feel that the banks of this country are not performing a sufficient service in the field of small loans. The Bank of Commerce does cater to people requiring small loan accommodation and the bank has a system of discounting which I do not like. It increases the interest rate but the result is that people can borrow money for between 10 and 11 per cent per annum and that is certainly less than half what they would have to pay for similar accommodation, a loan of $300 or less, if they obtained it from a small loan company.

When the manager of the Canadian Bank of Commerce appeared before the banking and commerce committee as a witness he said there was a profit in this particular

business at that rate of interest. We think the banks of this country could very well fall into line with the policy of the Canadian Bank of Commerce and engage in the extension of small loans if only as a social service. They have admitted that while they are performing a social service they also make a profit. When the president of the bankers' association was asked why other banks did not participate in that particular field he said it was because they gave a different interpretation to the act to that given by the Bank of Commerce. I may be wrong, but I believe the Bank of Commerce has been carrying on operations of this sort since 1936 and I would imagine that if the legality of their operations was going to be questioned it would have been questioned before now. I think probably the answer is that the other banks have lots of business without taking on this type of thing. While it is profitable it is perhaps not as profitable as some of their other business and they are not too ready to indulge in it.

Since I am opposing the incorporation of still another company to provide these small loans I would point out that this is the type of service which can be rendered by the credit unions of this country and their counterparts the caisses populaires. The credit union is perhaps particularly favourable to this group in that it does translate the co-operative principle into small loan financing. The differences in the philosophy, shall we say, of the two sets of people, the credit union and the small loan company, is considerable. The first aim of the credit union is not to lend money but rather to promote and encourage thrift.

The Chairman: I have been listening for some time to the hon. member and he has been referring to the activities of the chartered banks and the credit unions, but I would remind him that we are dealing with a bill to incorporate a company. The first clause deals merely with those who will be the first directors of the company and I submit the hon. member should direct his remarks more particularly to the clause under discussion.

Mr. Knight: My only excuse is that I was opposing the formation of this company. I recognize that some people are in need of these services and I was indicating the services that were available if they knew enough to avail themselves of them. I do not know whether the chairman will allow me to complete my remarks on that particular phase of the matter or whether I shall have to leave it high and dry in *Hansard* without any explanation or conclusion.

The Chairman: I regret having interrupted the hon. member but he will remember that in committee we are governed by strict rules of relevancy. I think I would find myself in difficulty if I allowed the hon. member to depart from those rules. It would be brought up later, I feel quite sure, and therefore I ask his co-operation in dealing with the clause under consideration.

Mr. Knight: Perhaps I shall have an opportunity on third reading of the bill to say what I am attempting to say now and which I had almost finished. However, I shall continue with a literal discussion of clause 1, which has to do with the directors. I am given to understand, and it came out in the committee, that there has to be a majority of Canadian directors of this particular company. The Canadian directors are set out in this clause. I notice that the people who were described as the owners of the business are two gentlemen by the name of MacDermott. I hope I did not give offence to anybody in the committee when I said that these gentlemen at least were of good racial origin. I did not mean any offence to anyone of any other racial origin, I was merely pointing out that they happened to be Irish, of my own nationality. However, that is by the way. The other directors are Duncan Kenneth MacTavish—

An hon. Member: Who is he?

Mr. Knight: —Ronald Charles Merriam and George Perley-Robertson. It might be noted that Mr. MacTavish was in almost constant attendance in the committee until some of us rather objected to seeing so many good-looking men in grey suits hanging around the committee. He told us that he was attending in his professional capacity on behalf of the sponsors of this particular bill and he admitted he was the gentleman named here. I happen to know that Mr. Merriam is a law partner because I have met him in connection with bills brought before the miscellaneous private bills committee. I do not know Mr. George Perley-Robertson but apparently he is the third partner in the law firm.

Those are the gentlemen who are sponsoring the bill. I do not know whether they have any money in the company. I did ask how a directorship was obtained but I did not get a very satisfactory answer. Apparently this is to be another company almost totally United States owned. To be fair to Mr. MacTavish, he explained it was quite customary for the members of a law firm to act as temporary directors. I of course have no right to assume that he is, or his partners are, going to be permanent directors.

I point out again in connection with this clause that this is going to be yet another company owned by people outside of this country. It will operate in this country and will borrow money from Canadian banks presumably at the present rate which I believe is 4½ per cent. It will then lend money to those unfortunate people who find it necessary to borrow and who are ignorant of the existence of other institutions which would be healthier for them. They will be charged interest at the rate of 26·8 per cent. To me that is a rather serious matter. These people just do not know; these people just cannot do the mathematics. We were told quite candidly in the committee by the president of the small loans association of Canada that he was quite convinced that under the stress of circumstances these people would borrow even if the interest were double or even if it were half the present rate. They just would not pay any attention to that particular part of the transaction.

We have in this clause the names of the directors, let them be permanent or let them be temporary. I presume the MacDermott brothers—I imagine they are brothers—are actually the owners of the company and will be permanent directors. The status of these other gentlemen is undetermined at the moment, but I am told that they are temporary directors of this company.

Mr. Argue: Mr. Chairman, I oppose this clause and I oppose this bill because I believe we already have too many companies in the small loan field.

Mr. Harris: Competition.

Mr. Argue: The Minister of Finance says "competition" but the competition in this field is placing a greater burden upon the borrowers in this country. We have already too much "competition." Every morning over the radio we hear the advertisements of these small loan companies. "Come in and take out a loan." "Come in and talk to Harry, he is a fine fellow with a good personality, it will take but half a minute and you can walk out with whatever money you may need." That is the kind of competition and advertising you get from the people in this field who are burdening the borrowers in this country with extortionate rates of interest. This so-called competition is not competition in fact, it is just competition in name and it does not benefit Canadians at all. I think that the Bank of Canada statistical summary clearly shows that we have already too many companies in this field exerting too much high pressure salesmanship. Parliament, rather than adding to the number of companies in the small loan field by granting a charter to another company, should be adopting further means of controlling this field and of reducing the interest rates that ordinary Canadians generally have to pay.

I oppose this clause for another reason, and that is the name of the company, the Signature Loan and Finance Company. I can already hear what they will do with that name in their advertising. Nothing to getting a loan; just a matter of your signature. Come in and sign; no security, no chattel mortgages; just walk in and we will take you over as long as you give us your signature. I think parliament will make a mistake if this bill should pass. I do not think we need to provide additional facilities of this kind. There are probably already too many companies in the field. Certainly, the growing number of companies in the field and the growing number of branch offices is causing the superintendent of insurance some concern. He pointed out in the committee that there are more and more companies interested in doing business in this field. Far from being discouraged by any move to reduce interest rates, apparently more companies have been encouraged to go into this field. He pointed out that from December 31, 1954 to December 31, 1955, the number of branches of small loan companies in this country increased from 540 to 702, an increase of 162 branches. We do not need any more competition, as the minister has said. You already have a very great number of branches; you already have too much pressure from small loan companies in this field, and I believe we would be wise to turn down this bill.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time; now?

Mr. Argue: I wonder if we could have the third reading of this bill on Friday next.

Mr. McIvor: We will not be here then.

Mr. Argue: I believe it could be arranged that the debate will not be of undue length.

Mr. Harris: I share the optimism of the hon. member for Fort William, but if we are not here on Friday we could call it on Thursday. Otherwise, the arrangements are satisfactory and we can depend on the assurance of my hon. friend that the debate will not be unduly prolonged so we would, in fact, come to a decision on third reading.

Mr. Argue: Agreed.

Mr. Deputy Speaker: Do I understand that all the items under public bills are to stand?

Mr. Harris: Yes.

Mr. Deputy Speaker: The items under public and private bills having been exhausted, the house will resume the business which was interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

65. Administration of the Immigration Act, $950,650.

Mr. Fulton: At five o'clock I had just dealt with the facts which established that Canada is not getting as many immigrants as she should have or as she could get because the Department of Immigration is not pursuing a sufficiently aggressive and realistic immigration policy. The figures I have placed on the record are amongst other evidences that go to substantiate this statement. In our view this is one of the very serious deficiencies in the policy of this government in that connection. They are not exerting sufficient efforts to bring to Canada a sufficient number of desirable immigrants, neither as many as we could get, as many as the growing economy of Canada requires nor as many as it could absorb. We believe it could absorb a considerably larger number and that until we bring our population figures up to the required level we will constantly experience difficulty in supporting standards of living that our people demand and which the resources of the country make it possible for us to realize. A country's greatest asset is, without question, its people. Canada has benefited in the past from those who have come here from other countries. I would hope that statement itself would not be challenged and I will therefore not enlarge it further or seek to support it by argument, but leave it there and say that it is regrettable we are not getting more people.

In case there should be any tendency to question our realism in saying that immigration, particularly under the present circumstances, could be of immense benefit to the country, I should like to place before the committee a letter which I should have noticed before because it was written in 1955, but it just came to my attention the other day. It was written by the father of an immigrant to Canada from Scotland who had, apparently previous to that, written to the Hamilton newspaper asking for comments from people living in Canada as to whether or not it was advisable for his son to emigrate to this country. Apparently the majority of the answers were in the affirmative. Plans were made and the boy set sail for Canada. By the time this letter was written he had arrived in this country. The letter was written to the Hamilton *Spectator* and it was published in full on Friday, May 20, 1955 as follows:

To the Editor:

Will you permit me through the courtesy of your columns to thank the very many people who so kindly wrote to me following your publication of my letter asking whether my son ought to emigrate to Canada?

Most of these letters were heartening. Most of your readers said: "Yes, by all means let your boy come out." So we have done.

A week ago my wife and I stood in driving rain on the seafront at Gourock and watched the *Franconia* glide down the Firth of Clyde. We waved until the ship was out of sight. That ship was full of emigrants like our own son—all dreaming of the new country they were sailing to and all, I suppose, a little fearful of the unknown that lay ahead beyond the western wave.

We have given our boy enough money to keep him afloat for a few weeks until he gets himself a job. We have told him to take any job, even street sweeping, until he gets a foothold and can look around him.

He has never been away from us before. My wife and I, in fact, do not quite understand why our son wants to emigrate at all. For there are plenty of jobs in Britain at good money—columns of vacancies in the newspapers here every day. Britain is crying out for workers but the strange lure of Canada seems to exercise a spell over young minds that will not be denied.

Then I am skipping some portions of the letter. It continues as follows:

One word more. When we send our children out to Canada to fend for themselves in the pioneering spirit that made Britain and Canada great, all we ask is that they be given a fair deal and a chance to prove themselves.

We seek no charity and no favours for them and certainly no preference. But we think that our young British boys and girls have something to contribute to the fabric of the Canadian nation that cannot be purchased with gold.

Here, speaking if I may for myself, I would interpolate that so do the other immigrants who come to Canada contribute something, from whatever country they come, that cannot be purchased with gold.

The Scots brought you caution and business acumen. The Welsh and Irish gave you the saving grace of poetic imagination that is the very soul of a people. The English, with their genius for compromise, gave you the gift of good government.

Sir, that can be enlarged to include the arts and crafts that have been brought here and the many skills, too numerous to mention, that have been brought to Canada by immigrants from countries in that old land of Europe. These are the ideas which I think should be in our minds as we welcome these

immigrants to our shores. Then I commend particularly this passage from the letter for consideration and reflection:

> Every emigrant ship that touches your shores carries on board a potential prime minister. So it behooves Canada to welcome her young immigrants, however poor they may be, for they are rich in many things that a growing country needs and needs badly.

Sir, it is interesting to think of that for a moment or two. There is something of which I think we in Canada should be exceedingly proud, that in fact in Canada anyone who comes here as an immigrant, provided he becomes a citizen and accepts our way of life, can reach the very highest position in this land and become prime minister. In fact, as is well known, the first two prime ministers of Canada after confederation were both immigrant boys. I believe that they both came from Scotland as their names would seem to indicate, John A. Macdonald and Mackenzie.

Mr. Pickersgill: So did the Minister of Fisheries.

Mr. Fulton: I was about to point out that there are in government at the present time others who are immigrants to Canada, and in that respect I think we should be rather proud that we place no obstacle in the way of people achieving the highest position in Canada. I am not going to criticize what the Americans like to do and they will make their own regulations for themselves, but I think it is a rather remarkable contrast that in that country one requires to be born in the United States, a citizen of the United States at any rate, in order to reach the position of president. Here in Canada we impose no such barriers and I would hope never would impose such barriers.

But as these immigrants have so much to offer and have offered so much, the main architect of confederation himself an immigrant into Canada, I think we should occasionally take stock and reflect whether we are doing enough to attract these immigrants into Canada and to set them on their feet when they arrive here. That leads me again to a criticism of the policies of the department both with respect to its attitude towards getting large numbers to come here and with respect to some of the details of administration, because immigration can be discouraged not only by a policy which does not seek to attract them in large numbers but can also be discouraged by the attitude taken to those who land here as reflected in their treatment by the department and departmental officials. If there is a bad record of treatment of immigrants to Canada, then that is going to discourage others from following their example.

There are, unfortunately, a number of cases in recent years which have indicated clearly that the administrative practices of the Department of Citizenship and Immigration with respect to its handling of prospective immigrants are—well, they have been described in the newspapers on previous occasions as shocking and unfortunately there are too many of these practices referred to last year which still persist to lead us to believe that the adjective should be changed. These are not cases merely of maladministration in isolated cases in the sense that they turn up from time to time without anyone having brought the practices which give rise to these cases to the attention of the department.

We have brought to the attention of the department on numerous occasions the very situation which is bound to create this type of case in the policy pursued by that department. I refer, of course, particularly to the refusal of the department to inform prospective immigrants who are rejected of the reasons for their rejection, which practice is carried over in a number of cases to a refusal to inform people who land in Canada and against whom orders for deportation are made of the reasons for those orders. We have said before and we say again that this practice is absolutely unjustified, that it is contrary to the principles of justice upon which this country's system rests.

Mr. Pickersgill: I wonder whether the hon. gentleman would permit a question at this point.

Mr. Fulton: Certainly.

Mr. Pickersgill: I am not admitting for a moment that there is any validity in what he is saying but it does not appear to me that this would discourage immigration in any way. It may be that it is a criticism of the department but I do not see how refusing to tell people why they are rejected is going to discourage the immigration of the people we want to get.

Mr. Fulton: I will tell the minister why. He refuses admission to Canada of people on grounds which he fails to state and the knowledge of that situation spreads among the friends and relatives of the person seeking to come here and they are discouraged from applying because they do not wish to subject themselves to that kind of treatment. The minister is now trying to play with words and pretend that the people who are refused admission are invariably people who should not in fact be admitted whereas it has been clearly proven that on a number of occasions they have attempted to exclude people from Canada who

should be admitted and that after they have landed in Canada they have attempted to deport people who were entitled to remain here and have subjected them to the most unjustifiable treatment in flagrant violations of the principles of justice and under circumstances and conditions where knowledge of that type of treatment will spread to others and they will simply say: If that is the way Canada treats people trying to get into the country I am not going to run the risk of being subjected to similar treatment, and they will go elsewhere.

Mr. Pickersgill: I never heard of such a case.

Mr. Fulton: There are cases of immigrants landed in Canada seeking later to bring over their wives and families. The minister knows of a case which achieved some notoriety in Montreal, an Italian who at first was refused permission to bring his wife and family over. He went through months of frustration during which knowledge of the circumstances of course became known to others in Italy who might be seeking to come to Canada. The minister says that they do not keep out people who are entitled to come, but after months and years of frustration the wife and children were allowed to come once the man was given a fair hearing. The case, of course, which is most outstanding in this respect is the case of Mrs. Spalding which we had under discussion in this house on an earlier occasion. I heard the minister muttering a moment ago that he had no knowledge of any case where a person was treated in a manner which suggested the violation of the principles of justice.

Mr. Pickersgill: No. What I said was that I never heard of any case that discouraged other immigrants; and I never have.

Mr. Fulton: Does the minister suggest that a person hearing of his treatment of a certain immigrant would bother to write to him and say, "I was thinking of coming to Canada but now I do not intend to do so"? I think the minister gives himself credit for greater importance than he has.

Mr. Pickersgill: I deny that is the case, and I would love to answer. In my opinion what did more to discourage immigration than anything else were the speeches made on unemployment by hon. gentlemen opposite in January and February of 1955.

Mr. Fulton: That is another Liberal myth.

Mr. Pickersgill: I can produce all kinds of evidence to prove it.

Mr. Fulton: That begs the question. If that is the case, why has immigration not gone up since then?

Mr. Pickersgill: The numbers have gone up about 20 per cent since you stopped making those speeches.

Mr. Fulton: The reason why immigration has fallen off in Canada is that this department has not been making proper efforts to get immigrants.

Mr. Pickersgill: Because the opposition has been discouraging them.

Mr. Fulton: They have been going to other countries. The purblind and foolish policy of the minister, who is seeking to place the blame elsewhere than where it properly lies is one of the reasons why still not enough is being done to deal with this matter. It is perfectly obvious that until we change the government and change the minister we are not going to get a sensible immigration policy. That is the conclusion to which one is regretfully forced. In spite of the fact that we have constantly been laying the facts before him in an effort to get him to change this policy, the minister's attitude leads to no other conclusion.

Mr. Pickersgill: The best place to try to change the minister is in the country.

Mr. Fulton: Does the minister forget the case in the British Columbia appeal court and the approach made in the case of Mrs. Spalding? Does he say that it does not discourage immigration? Here we have more extraordinary quibbling.

Mr. Pickersgill: There is nothing extraordinary nor any quibbling. This woman was not an immigrant at all. She was an unwanted visitor.

Mr. Fulton: Mrs. Spalding was a British subject seeking admission to Canada. She arrived in Vancouver and was immediately ordered to be deported.

Mr. Pickersgill: That is right.

Mr. Fulton: The minister, instead of giving her a proper hearing through having one of his officials give her a proper hearing, and laying before her the facts upon which the deportation order was going to be based, gave her an entirely improper hearing, excluded her from the room when witnesses in connection with the case were being examined, did not provide her with proper facilities for representation by counsel and relied upon evidence from Australia from another party—

Mr. Pickersgill: Her husband.

Mr. Fulton: Her husband at the time; evidence about which apparently she was not informed or which she was not given any opportunity to refute. She appealed from the deportation order and the case was heard first by the Supreme Court of British Columbia and Mr. Justice Manson overruled the order. He quashed the order on the ground that there had been no proper hearing and that the whole hearing had been a travesty of justice. The department appealed the decision of Mr. Justice Manson to the court of appeal of British Columbia, the court consisting of Justices O'Halloran, Robertson, Sidney Smith, Bird and Davey. The first judgment appeared at page 159 of vol. 16 of 1955 Western Weekly Reports, that of Mr. Justice O'Halloran. The second paragraph of that judgment reads as follows:

> Counsel for the appellant minister conceded in this court that the hearing before the special inquiry immigration officer was conducted in violation of the essentials of justice. The respondent had been excluded from the room while a witness was questioned. She had no opportunity to hear his testimony and to examine him thereon.

I am now summarizing. She appeared without legal counsel. Again the judge remarks:

> . . . she contended the officer did not determine her right of entry into Canada in a judicial spirit, "in accordance with the principles of substantial justice". The respondent said in effect that she had been deprived of the imprescriptible right of a British subject (she comes from Australia) . . . to have a fair hearing in a matter which affects her civil status, and she sought the aid of the inherent jurisdiction of the supreme court of this province . . .

And then he applied a ruling or a decision in another case as follows:

> I do not agree that it is for the executive to come here and simply say, "The man is in custody, and therefore the right of the high court to interfere does not apply, because the custody is at the moment technically legal".

As the department sought to say in this case. The quotation continues:

> I say that that answer of the crown will not do if this court is satisfied that what is really in contemplation is the exercise of an abuse of power. The arm of the law would have grown very short, and the power of the court very feeble, if that were the case.

Acting upon that principle and upon the certain knowledge that what had been sought to be done by the department in that case was an abuse of power and that the hearing before the special inquiry officer was conducted in violation of the essentials of justice, the court of appeal of British Columbia upheld the order of Mr. Justice Manson quashing the deportation order. It is in the light of those significant facts—and that is not the first case; there was the Brent case—one would have thought that the department had learned its lesson and would have issued instructions that their hearings should not be in violation of the principles of justice. But no. The minister says, "The courts were wrong, we were right"—

Mr. Pickersgill: No; I never said that.

Mr. Fulton: —and the sense has been to circumvent the decision of the court which is based on every principle of justice. When that fails him, he seeks to blacken the reputation of a woman who is within her rights according to the courts, by a slurring reference to her domestic situation as to which, when the matter came before the court in Australia, it gave no such decision.

An hon. Member: Six o'clock.

Mr. Fulton: After she came to Canada the appropriate authorities in British Columbia and Alberta were satisfied that the woman was in the right, so that she subsequently married. The efforts of the minister to justify himself for his perversion of justice were such that he owes this lady an apology as public as were the attempts he made to blacken her reputation.

Mr. Harris: Mr. Chairman, it has occurred to me that, having regard to what I have asked earlier and having regard to the loss of time tonight, it might be agreeable to hon. members that we resume at seven o'clock inasmuch as we shall not be able to sit past ten o'clock. If that suggestion met with the approval of hon. members, I should point out that we would continue to take these estimates from seven to eight and at eight o'clock we would take second reading of the bill to amend the Excise Tax Act.

Mr. Castleden: If you would make that 7.30, I think it would give hon. members a little better opportunity.

Mr. Harris: Agreed.

The Deputy Chairman: It being six o'clock I do leave the chair. May I advise hon. members that I will resume the chair at 7.30.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7.30 p.m.

Mr. Winch: Mr. Chairman, when a minister is guiding his estimates through the house I know he expects to hear the views of hon. members and also perhaps to hear some criticism of his department, or of the policy that his department is carrying out. I hope I will not disappoint him in that regard. However, before I speak on some

of the policies that I think should be mentioned I should like to express my appreciation of the minister and of the fact that he gives his personal attention, or he has given his personal attention, to the many cases that I have had to bring to his notice.

Since I represent a constituency in Vancouver, British Columbia, I seem to receive a great many immigration problems. I refer them all to the minister. He always pays attention to them, and although he sometimes takes many months before a decision is reached, at least every two or three months he writes to me and explains he has not forgotten them and tells me why there is a delay. I want to say I really am thankful for that consideration. I am also exceedingly grateful that upon occasion he reverses the decision of his department. I have had success in cases that I have brought to his attention, but not in all of them. It is on a number of these cases that I should like to speak this evening on this item.

I want to deal, Mr. Chairman, with the question of East Indian immigration and also of Chinese immigration and with some of the problems that apply to them. I believe that all British Columbia members are in a good position to speak on the East Indian question because 95 per cent of all of the East Indians in Canada are in the province of British Columbia, and the majority of them are on the coast. I think it should be noted that of the majority of the East Indians in British Columbia by far the greatest number of them come from the Punjab.

Punjab, as you know, has been referred to as the fighting state, and those people have been referred to as warriors. Throughout their history they have proven their right to be known as warriors. They have proven it on behalf of the democracies in a great many wars; they have proven it over many years on behalf of the British commonwealth. They are British subjects and here in Canada they are Canadian citizens. I completely fail to understand the thinking of the Department of Citizenship and Immigration when a person who is a British subject and a Canadian citizen is discriminated against when it comes to the question of immigration. In view of the desire of the government for immigration into this country, in view of the fact that we can support a far greater population than we have at the present time, and in view of the regulations with regard to East Indians, we can come to the only conclusion that there must be a colour prejudice somewhere. We find that, strangely, enough, in dealing with the land of origin of East Indians, it is a matter of treaty as to how many can enter Canada as of right; but in addition to that, regulations are made under the authority of a statute of this country, as regards East Indians, which provide that in a year the number of immigrants from India permitted to enter Canada is 150, from Pakistan 100, and from Ceylon 50. These regulations are very definite. East Indians do not have the same rights as the Latin-Americans and as the Levantines when it comes to the age at which they can bring in children or their mothers or their fathers.

Something is definitely wrong when British subjects, as the East Indians are, are placed in a depressed category along with those other categories that I have named. Not only are East Indians British subjects, not only do we have them in Canada as Canadian citizens, but, sir, they are good British subjects and good Canadian citizens, and I am certain that every member here from British Columbia will tell you that. Then, why should they have so many obstacles thrown in their way in getting their relatives into this country?

I have in mind, just as an example, one of the finest citizens of British Columbia, an East Indian, yes. He was one of the originals in Canada. He came to British Columbia some 48 years ago. He has built up an excellent business. Unfortunately, he has no children. He is getting on in years and he wants to pass on his property to a Canadian citizen. He wants to bring in his nephew and to adopt him as his son, establish him as a Canadian citizen and let him carry on in his business. And yet, although the application has been under process for years, the Department of Citizenship and Immigration refuses point-blank to allow this one citizen of British Columbia, who is childless, to bring in his nephew. I think something is definitely wrong in the attitude of the department in matters such as this.

I am not going to go into all the details of the brief that was submitted by the East Indians to the minister some two weeks ago because he knows the content matter of that submission; but I should like to quote from the last two paragraphs on page 3 of the brief because I feel their request is just and should be given speedy attention. It says:

> If being a British subject and having commonwealth ties is to mean anything, then it should mean that all within the commonwealth should be placed on a uniform basis, so that Indian citizens should be accorded the same privileges, say, as Australians and New Zealanders.
>
> Alternatively, we submit that as Canadian citizens the very least that we should ask for is that we should be treated no worse than Latin Americans and Levantines, and that we should be given the same rights that they are given as to bringing in relatives. We ask that regulation 21 be widened to let in relatives of Canadian citizens of East

Indian origin, to the same extent as regulation 20 (c) admits Latin-American and Levantine relatives.

Surely, Mr. Chairman, our East Indian Canadian citizens in British Columbia are not asking too much when they ask that the government, or the department, give them a status as British subjects no less than that which this government and this department are giving, under the same authority and regulations, to the Latin-Americans and Levantines. Since it does not require any amending act of this House of Commons, I sincerely hope that we can this evening or before these estimates are through, have a statement from the minister that he very speedily will bring in the required changes in the regulations so as to give to our East Indian colleagues in this country the rights they have been so long denied.

I wish to say a few words at this time, Mr. Chairman, concerning the matter of Chinese immigration. I received a great many immigration cases from Vancouver and I take these problems up with the minister. He has been good enough to say that I have a very high batting average on the cases I take up and I am exceedingly grateful for that.

It is most difficult to understand the thinking and the policies in some respects as far as the department is concerned on matters that relate to Chinese immigration problems. I would like to give just two or three examples to show what I mean.

I know of the case of a young man of Chinese origin who was born in the city of New Westminster. He spent his life and received his education in New Westminster. He served all through the last war with great distinction. When the war was over he took advantage of the rehabilitation measures and set himself up in business. He built a good business and succeeded in it and then proceeded to build himself a home and furnish it. At this point he is ready to take a wife.

This young man's fiancée lives in Hong Kong; but do you think he could get permission for his fiancée to come to Vancouver in order that this young man could marry her? The answer is no. We offered to post any bond that would be required to ensure that when she arrived here she would marry this young man. The answer was no. In a letter I wrote to the minister I personally gave my word of honour that if the minister would permit her to come to Canada we would be prepared to post any bond he might require, and I went so far as to say that we would keep the girl confined in the immigration shed until she was married to this young man and that if she did not get married to him she would be returned on the next plane to Hong Kong. What was the answer?

Some hon. Members: No.

Mr. Winch: The answer was no. This young man is a wonderful citizen; he has established himself in business and has built and furnished a home. Instead of paying $550 for the passage of his fiancée from Hong Kong to Vancouver he has to secure someone to look after his business and then pay $550 for the flight of his fiancée from Hong Kong to Vancouver and in addition to that he has to pay $1,200 for his own passage to Hong Kong where he will marry the girl and return with her as his wife to Canada. Why should this be necessary, sir? Surely a matter of this nature could be attended to on a different basis.

Another example concerns a Chinese gentleman who has been in Canada for many years. It is customary to go back home to China and take a wife and beget children. This man is all alone in Canada in his old age. He has only one child in Hong Kong and he is supporting the boy and trying to bring him over but owing to the technicality of the son's age the answer to his request was no.

We who knew this Chinese citizen—I knew him—were aware that he was dying and one reason he was dying was because of sorrow, and therefore we got in touch with the minister. A number of us, people who dealt at his store and knew him well, got together and agreed to put up the money for a bond if this young man in Hong Kong could just come to Canada and see his father who was dying in hospital here. What was the answer?

Some hon. Members: No.

Mr. Winch: The answer was no. I might inform the minister that three months after I wrote to him concerning this case the old man died in hospital in Vancouver.

An hon. Member: Will the minister go to heaven? No.

Mr. Winch: In view of the fact that we citizens who are white—if that should make so much difference—were prepared to put up the bond to guarantee that the young man would return to Hong Kong after a brief visit with his father, why should the department be so sticky that they could not allow an old man with no family in Canada an opportunity to see his only child?

Now I would like to speak on the major phase of the subject of the Chinese immigration problem. Why this almost complete insistence that immigrants should come in as

a family unit? I refer to it as being almost complete because in recent months the minister on two or three occasions has reversed previous decisions and has allowed families to come in not as a unit. But, as I understand it, the basic policy of the department is that the family come in as a unit.

Mr. Pickersgill: Perhaps the hon. gentleman would not mind my correcting that statement.

Mr. Winch: No.

Mr. Pickersgill: I think the rule is that we do not admit children unless both the parents are here or unless the parent who is in China comes with the children.

Mr. Winch: That is right.

Mr. Pickersgill: But we do not insist on the whole family coming in together.

Mr. Winch: You insist on their coming in as a unit, though; the parent and the child or the parents and the child.

Mr. Pickersgill: Of course they do not come at all unless one parent is here.

Mr. Winch: That is exactly what I am coming to. If you could only learn to control that impatience a little bit!

The only way you can emigrate from China is from Hong Kong to Canada. Because of the governmental situation there the relatives of many of our Canadian citizens of Chinese origin are in communist-held territory. From all the information I have been able to obtain, it is exceedingly difficult for them to get into Hong Kong where they can go through the necessary examination by the officials of the department and receive the required authority to be admitted to Canada.

I have heard that in the past Canadian citizens of Chinese origin were actually being blackmailed; that is, they had to pay somebody in the village in order to get their wife or children into Hong Kong. Sir, I am convinced from my contact with Chinese in British Columbia that this is true and the practice still prevails. Because of this and the difficulty of getting into Hong Kong you cannot always get all the children, or the children together with the mother, out of the country at the same time. Sometimes it is spread over a period of years and very frequently over a period of months. In some instances you can get a child into Hong Kong more easily than an adult.

We have situations such as this. I will refer to a specific case because then the minister will understand to what I am referring. I am speaking of an agreement with the minister's department that the wife and children of a certain citizen in Vancouver can come to Canada. However, the wife and one child have not yet been able to get out of the village in which they are living into Hong Kong. One five-year old child was able to get out of the village and has been in Hong Kong now for several months living with a relative. Just why, when the child is separated from its mother and father, can the father in Vancouver not be permitted to receive his child who has been living in Hong Kong for almost a year?

The minister has just recently given me a decision to the effect that the child cannot be admitted until the mother can get to Hong Kong and both she and the child can go for the examination before the authorities in that city. Concerning matters of this nature I just cannot understand where is the milk of human kindness in the Department of Citizenship and Immigration and some of its officials. I often wonder whether they have been fathers themselves, and I sometimes doubt that they have. Otherwise they would not put obstacles in the way of these people as they seem to do.

I know that there are regulations, I know that there must be a close check, and I know that those who are coming in from China must be watched closely because of the conditions there. I believe the minister and the government know—I have had some indication of this—that in the past couple of years there have been people coming in who perhaps should not have been permitted to come in. If my information is correct, some of these people are using Canada as a causeway into the United States. Be that as it may, I am certain the department is keeping a close watch on all cases such as I have mentioned.

But where the department is agreeable to people coming in, why do they insist that they cannot come in except under the condition of all or none? They must come in at one time instead of being permitted to come in as they can get to Hong Kong and be processed by the department. I do not want to repeat myself too much because that is a bad habit of mine, but I should like to plead with the minister just to think over some of these things and see if he cannot give greater consideration to this matter of the immigration of relatives of our Chinese Canadian citizens. I am quite certain it could be done without in any way endangering this Dominion of Canada and it certainly would make a few individuals very happy to have at least part of their family with them if they cannot have them all.

There is only one other point I wish to mention, the matter of cash bonds. In this connection I am still waiting for a conclusive

reply from the minister. I am not a member of the legal fraternity but I understand that the courts will accept bonds other than cash bonds. However, the immigration department insists on cash bonds. I am told by lawyers in Vancouver that if you happen to arrive at the airport after five o'clock the officials will not accept a deposit of cash because they say there are no facilities for handling cash bonds between five in the afternoon and nine in the morning. Although the immigration department is prepared to let you in under bond you must stay in the immigration detention cells because there is nobody authorized to take your money. To me that is a stupid state of affairs. I hope sincerely the minister will do something to correct it and also give some consideration to having the immigration department accept the type of bond acceptable to the various courts of law in this country.

I see that my time is almost up and I will stop at that. But I ask the minister to show a little more of the milk of human kindness in handling some of these cases and to realize that perhaps there is too much red tape in his department. If he could get rid of that I am sure the department would be much more popular than it is at the present time. Finally, I repeat what I commenced with. Let us not have discrimination between British subjects and Canadian citizens because of the colour of their skins. Let us give to the East Indians their just rights. I ask the minister to use his power at the next meeting of the governor in council so that the regulation may be amended to permit our East Indian colleagues in British Columbia to bring their relatives into Canada.

Mr. Patterson: Mr. Chairman, I wonder if I understood aright that the order of business was to be changed at eight o'clock.

Mr. Harris: That is right.

The Deputy Chairman: I think it would be only fair to the hon. member if we called it eight o'clock and reported progress.

Progress reported.

EXCISE TAX ACT

Hon. W. E. Harris (Minister of Finance) moved the second reading of Bill No. 450, to amend the Excise Tax Act.

He said: Mr. Speaker, I propose to say a few words about the bill, but assuming as I do that there is not very much disagreement if any with respect to the clauses other than the one having to do with the magazine tax I shall confine myself to some brief comments on that and at a later time when I conclude the debate make references to what has been said this afternoon by the Acting Leader of the Opposition.

I should like to point out to the house that in proposing a magazine tax we are not proposing any tax or tariff on the ordinary editions of magazines as published in their home countries. Those magazines will continue to flow freely into the hands and homes of Canadians. However, we are concerned with the so-called special editions of magazines which are much the same in their reading content as the editions of the same magazines published abroad but which, in a way that seems to us unfair, are making inroads into the revenues available from magazine advertising in Canada.

I should like to remind the house that the position of Canadian magazines has been brought to the attention of the government and parliament on many occasions over a considerable number of years. Particularly during the past four years the growing difficulties of Canadian magazines have been urged upon us. We have attempted to give them some positive help. The various government departments were asked to give special attention to Canadian magazines in placing their advertising whenever that medium was appropriate. We considered assistance in the form of special concessions on postal rates, but decided that once again the amount involved would not prove significant. We have continued to watch developments closely. We have seen two things which have given us real cause for concern, one related to circulation and the other to finance. First, a word or two about circulation. We have in Canada only a dozen or so magazines of general interest which are widely read, including those published in the French language as well as in English. I am speaking of course of the sort of magazine one finds on any well-stocked newsstand; I am not speaking of the numerous magazines catering to specialized trades, professions and other groups in the community.

Since the war a few of these general interest magazines have gained circulation, one or two quite spectacularly; others have made little progress; one or two have disappeared entirely; and two have cut down their frequency of issue. In the aggregate their circulation has increased, but this increase cannot compare with the increased circulation in Canada of general interest magazines originating abroad. Thus the proportion of Canadian to non-Canadian magazines read in Canada has been falling steadily. This is the main point of concern.

Shortly after the war about one-third of the magazines of general interest read in

Canada were Canadian; four years ago the proportion was down to one-quarter; last year it had fallen to one-fifth. I wonder if there is any country in the world where only one-fifth of the magazines of general interest are of national origin and four-fifths originate abroad.

The second point which has impressed itself upon us is financial. We have received figures over the years indicating quite clearly that the publication in Canada of these magazines of general interest is not profitable. The figures we have received were of course obtained in confidence but I can assure the house that they were disturbing. I can disclose that for the year 1955, when business in general in Canada was good, and when our leading Canadian national magazines had larger aggregate circulation and larger advertising revenues than ever before, those published in English made not a profit at all but a loss estimated at 2.4 per cent of their total revenue. Those published in French are too few to quote percentages but the house can be assured that their position was about the same as that of the English magazines.

It must be clearly understood that this tax is designed to assist not the publishing house necessarily nor the printer but the magazine itself. In many industries, firms add or drop different lines of production, depending on their profitability, without causing any concern to themselves or to their customers. Their balance sheets are better off for the change, and their customers find other sources of supply to meet their needs. Canadian magazine publishers would similarly be better off financially to drop a number of their general-interest magazines and concentrate on the profitable lines of their business; and, without some assistance to make these magazines profitable, that is what they can be expected to do. Failure to grant this assistance would not mean that these publishing houses will go out of business, although some of the smaller ones might, but it would certainly result in the eventual disappearance of a substantial proportion of the few remaining Canadian magazines of general interest.

Before trying to find remedies for the ills, we tried to diagnose them; and it soon emerged that they faced two quite different forms of competition from abroad. One may be described as overflow circulation; the other is the special edition.

I believe—and I agree with what the Acting Leader of the Opposition said this afternoon—that, given a fair chance, the Canadian magazines should be able to stand up against the overflow into Canada of magazines published abroad for circulation in their home markets. True, those magazines are usually prepared for far larger markets, at far greater expense; they pay far more for their articles and their stories; and they can spend more money on their pictures. Nevertheless, attractive and interesting though they may be, they are not Canadian; they are addressed to a somewhat different audience; they advertise a somewhat different range of goods. So the Canadian magazine, with its distinctively Canadian material, should be able to hold its own against them in the Canadian market. It may tell its story less expensively, but Canadians want to read it and will continue to want to do so as long as it can afford to put out a vigorous and attractive product.

This is where the other type of competition, the competition of the special edition, is so damaging, for these editions can and do cut at the financial foundations of the Canadian magazines—their revenues from advertising. Some people, both inside and outside this house, have expressed doubts on this point, and so perhaps I should quote some relevant figures.

There are, as I have said, about a dozen magazines of general interest published in Canada, including two special editions. These dozen would, I believe, usually be taken to include the following: *Canadian Home Journal, Canadian Homes and Gardens, Chatelaine, Maclean's, Mayfair, La Revue Moderne, La Revue Populaire, Le Samedi, Liberty, Reader's Digest* (special editions in French and English), *Saturday Night*, and *Time* (special edition). How have the two special editions fared within this group? We find that eight years ago these two special editions attracted about 18 per cent of the advertising revenues of the group; last year they attracted 37 per cent. Mr. Speaker, I should like to have consent to put on record a table showing the figures in detail.

The Acting Speaker (Mr. Applewhaite): Has the minister leave to place this table on the record?

Some hon. Members: Agreed.

Mr. Harris: The table is as follows:

Excise Tax Act

GROSS ADVERTISING REVENUE OF SELECTED MAGAZINES

Source: Canadian Magazine Advertising Summary

—	12 Consumer Magazines[1]	"Time"[2]	Per cent of Total	"Reader's Digest"[3]	Per cent of Total	Per cent of Total Reader's Digest and Time
	$	$		$		
1948	7,983,574	757,030	9·5	687,552	8·6	18·1
1949	9,101,348	919,531	10·1	1,216,495	13·4	23·5
1950	10,209,097	1,176,687	11·5	1,557,612	15·3	26·8
1951	11,900,682	1,604,405	13·5	1,905,356	16·0	29·5
1952	12,944,437	2,004,988	15·5	2,477,247	19·1	34·6
1953	15,442,492	2,678,602	17·3	2,793,005	18·1	35·4
1954	16,098,898	2,896,236	18·0	2,848,290	17·7	35·7
1955	17,434,225	3,320,664	19·1	3,094,483	17·8	36·8

[1] Magazines included are: Canadian Home Journal, Canadian Homes and Gardens, Chatelaine, Maclean's, Mayfair, La Revue Moderne, La Revue Populaire, Le Samedi, Liberty, Reader's Digest (Special editions in French and English), Saturday Night, and Time (Special edition).

[2] Special edition.

[3] Special editions in French and English.

The two special editions that I have mentioned are not the only ones in the field. Of recent years several women's magazines, of the type usually distributed through chain stores abroad, have decided to put out special editions on sale in Canadian stores. The names of these special editions now on sale here are: *Family Circle, Woman's Day,* and *Everywoman's.* Similarly, *Parent's Magazine* puts out a special edition for Canada. These editions sell advertising space to cover the Canadian market. If these sales of advertising were included in the figures of magazines of general circulation, the proportion of Canadian general-interest magazine advertising now going into special editions would be about 40 per cent.

However, that is not all. Before deciding to impose the new tax, we had learned that at least two other well-known magazines published abroad were making plans to put out Canadian editions in order to attract Canadian advertising. Further, in connection with one of these projects, a well-known publisher of trade papers abroad was known to be considering the establishment of a branch in Canada; thus the field of trade papers too, which has so far been relatively profitable and in which there have been only one or two small special editions, would be open to serious invasion by special editions.

[Mr. Harris.]

We have had a number of requests for exemptions, and, as the bill will indicate, there are a number of exemptions, but I need not deal with them at the moment. The question was whether or not the government ought to give consideration to imposing a tax not, as has been indicated, on editions of magazines coming from abroad, which after all, as I have pointed out, may possibly not compete unduly, for the reasons I have given, but whether or not the real difficulty facing the Canadian publishing industry might not be confined to the special editions. After giving it careful consideration, we decided that such a tax would be in order. Perhaps the result will be that there will be an equalizing effect in the competitive situation, although, of course, I cannot say how much it might affect individually each of the special editions which have been published in the past or which might be published in the future.

I should emphasize that the proposed tax will apply whether the special edition is printed in Canada or abroad. As I stressed in my budget speech, the publication and circulation of Canadian magazines is a thread in the fabric of our national life. If we wish to see Canadian magazines continue, we must find some technique for arresting the inroads into advertising revenue made by these

special editions. A special edition printed in Canada constitutes as much of a threat to the existence of Canadian magazines as does a special edition printed abroad. It is for that reason that we propose that the tax should apply to special editions wherever they may be physically produced.

There have been some suggestions that this is a discriminatory tax. Indeed, the Acting Leader of the Opposition mentioned that this afternoon. I propose to leave it at that by saying that it is not discriminatory and I shall confine myself to answering his statement later in that respect. However, I want to place before the committee one fact, namely, that it is extremely doubtful that there is any country in the world so situated in this particular regard as Canada. We are next door to a tremendous market and a tremendous outpouring of magazines of all kinds, whether for reading material or for advertising. I think the house will agree that under these conditions it is only to be expected that our own publication industry would have difficulty, but this is particularly true when our languages are alike, our tastes are alike and our pursuits, whether by way of recreation or occupation, are much the same.

Therefore I should like to say that this tax cannot in any sense of the word be called an anti-American tax. The purpose, of course, is to apply the tax to all forms of special editions, whether they originate in the United States or not. The motives behind the tax, I think, have been made clear, but I think it is overlooked that, if anyone supposes that this tax would in any sense of the word offend our neighbours to the south, it would seem to me that the obvious answer would be that if the North American continent is to be strong—as we all ought to hope it would be—that should mean that Canada and the opinions of Canada could and should be independent and that, if we are to have a public opinion in Canada other than that which we would gain from our newspapers and our own discussion, it can only be fostered and continued by a periodical industry which would have critical opinion on many subjects, both internal and external. If we foster that, then our own independent opinion will be the more valuable; but if that opinion disappears we have nothing then to offer except a repetition of the ideas of someone else, and I do not think that the house would like that under any circumstances.

Mr. Donald M. Fleming (Eglinton): There are, of course, in the present bill many other provisions than that pertaining to the proposed tax on advertising revenue of certain magazines with special editions. With those provisions of this bill other than those pertaining to the tax under discussion we have, of course, no quarrel. On the contrary, at the resolution stage of the measure this afternoon we expressed our gratification at seeing in the bill exemptions from the sales tax introduced in favour of many commodities. However, I shall follow the example of the Minister of Finance (Mr. Harris) tonight and confine my remarks on second reading to the proposed tax on advertising matter. I wish to recall to the house what we have said in regard to the bill in general by way of putting this discussion in its proper perspective.

The views of Her Majesty's loyal opposition with respect to this tax were stated in the house on April 10 by the Leader of the Opposition (Mr. Drew) when he spoke in the budget debate. His remarks on this subject are to be found at pages 2782 to 2784 of *Hansard*. Other hon. members of this party also expressed their views in the course of the budget debate, and the views of this party were reasserted this afternoon at the resolution stage by the hon. member for Dufferin-Simcoe (Mr. Rowe) as Acting Leader of the Opposition. Sir, those views are firmly held.

What is the essence of this provision in the bill? We may well see it in its context if we recall the introductory remarks of the Minister of Finance in the budget debate in leading up to this subject. On March 20, as found at page 2333 of *Hansard*, the minister said, after describing the magazines coming into this country:

> We have been considering this problem for some time, and we have decided that, in this field, very exceptional measures can be justified—measures that certainly could not be justified in connection with any ordinary line of business or commerce.

I ask the house to note well these words. The minister has decided that the measure of which he now asks approval by the house is one which could not be justified in connection with any ordinary line of business or commerce. The measure itself he describes as very exceptional. That, Mr. Speaker, is the estimate placed upon this proposed tax by the minister who has fathered it. It is indeed a measure which could not be justified as applied to any ordinary line of business or commerce. This proposed tax is indeed a special tax on a special group singled out of a particular line of business, and therefore I say this is a special form of governmental interference with the magazine business.

The house will not have forgotten that the resolution was first introduced in the house on March 20. We are debating it now on August 7, about five months later. What has become

of this resolution in this long interval? Why was it not pressed forward at an earlier date? We had other resolutions arising out of the budget speech of the Minister of Finance before us on earlier occasions. Why has this one been held back for so long until we are virtually on the eve of prorogation? I suggest that the reason is that the minister found he had something of a tiger by the tail and he did not know what to do with it. He has been embarrassed by it and that is the reason he has held it back until this moment. He has been asked repeatedly in the house to say whether or not he intended to proceed with the tax. On every occasion his answers have been coy and evasive. However, there is one thing that the house has learned to expect and that is that neither the minister nor any other minister of the government is prepared to lose face, and so rather than submit to anything like losing face the minister has decided to press this measure in the dying moments of the session in the face of a virtually unanimous public outcry against the proposed tax.

I should like to analyse the proposed tax and to state to the house certain facts that stand out in any fair and searching analysis of it. In the first place, this is not a tax for revenue purposes. Normally taxation is designed to serve the purpose of raising money, but it is not pretended by the minister that the raising of money is any part of the purpose that he has in mind in fathering this new tax. No, this tax is to serve some unusual or abnormal purpose. Something other than the ordinary purpose of taxation is what he has in mind. What is it? I shall seek to answer that question a little later.

The second fact that is outstanding on any analysis of the bill is that it is not a general tax. It is a tax of particular effect. The statement has been attributed to the minister that there might be nine magazines or thereabouts affected by this measure, but certainly it is undeniable that the two that will be the hardest hit are *Time* magazine and *Reader's Digest*, the latter in both English and French editions. I understand that the gross advertising content of these two magazines in the form of Canadian advertising produces a revenue of about $6 million per annum. This is not a general tax. It is a tax of particular application.

It is patent on the face of it, therefore, that this tax is discriminatory and, sir, I do not know that there is any worse vice to be found in any form of tax than to find that it is discriminatory. The party of hon. members opposite was critical 25 years ago of the tax applied by the Bennett government on United States magazines entering Canada but, sir, that tax of the Bennett government was a uniform tax applied right across the board. It was not like this tax, a discriminatory imposition.

The third fact that is outstanding on any fair and searching analysis of this tax is that it is a new kind of tax. In our taxation of corporations we are accustomed to thinking in terms of a tax on income which in the case of corporations means a tax on their profits. But this is not a tax upon the profits of the corporations which publish these particular magazines. This is a tax on advertising revenue; in other words, it is a tax on a particular form or source of revenue of these taxpayers. That fact adds to the discrimination that is inherent in this measure.

If you want a parallel situation here is one. It would be if the Minister of Finance decided to apply a tax on newspapers in this country and he did not choose to apply it on profits but chose to apply it on advertising revenue to the papers. There is a parallel. Does any hon. member in this house support such a parallel? I do not believe there is an hon. member of the house who for one minute would be prepared to lend his support to such a proposal and yet that, sir, is the type of tax that we are asked to approve here and now.

The fourth fact that stands out with regard to this measure is that the minister has chosen to apply a rate of taxation of 25 per cent—

Mr. Harris: 20 per cent.

Mr. Fleming: —of 20 per cent which, so far as any facts laid before this house are concerned, is arbitrary. To what does it relate? The house has not been given any facts by which to judge whether 20 per cent is a fair percentage to apply in order to attain the purposes of the minister in asking approval of this tax. To what is it related? Is it designed to equalize some terms of competition that today are said to be unequal? The minister has left us in the air. He has not said one word by way of justification of a 20 per cent tax. Hence we can only conclude that this percentage has just been plucked out of the air. It has no relation to any fact or situation that the minister has placed before the house.

I come now to answer the question that I asked a little earlier. What is the purpose of this tax? It is not to raise revenue. A review of what the minister has said tonight and what he said on March 20 indicates that the minister's purpose is to help Canadian periodicals, as he says. But how? Not directly, of course. His purpose, as embodied in this tax is, as he asks the house to suppose,

to help Canadian periodicals by hurting United States publications which print Canadian editions here in Canada. That is the purpose; and in relation to that purpose we have nothing in the way of a yardstick by which to estimate or judge the propriety of a 20 per cent imposition.

The next fact I observe is this. The house has been given no proof that the growth in the circulation of United States magazines in Canada which would be affected by this tax has hurt Canadian magazines. The minister has assumed that fact; he has not proved it. Just because there are United States magazines which are printing Canadian editions and because, as the minister asks the house to believe, the rate of growth in the circulation of Canadian magazines has not kept pace with the total market, although it has grown absolutely, he asks the house to assume that the latter fact is attributable to the former. Mr. Speaker, the house will require in the way of proof something better than the minister has offered. He has just asked the house to swallow an assumption for which he has offered no proof.

The fact is that Canadian periodicals are increasing their circulation and their advertising revenues. The industry is becoming stronger. When my leader spoke on this subject on April 10, he put on *Hansard*, as reported at page 2784, some of the figures on the size of the circulation of Canadian publications in comparison with the two United States publications with Canadian editions which are going to be principally affected by this tax. May I remind the house of what he said:

> *Time* has a circulation of 170,000 in Canada. *Reader's Digest*, with its English and French editions, has a circulation of 900,000. But these are the circulations of the Canadian magazines: *Star Weekly*, 913,000; *Weekend*, 1,400,000; *Maclean's*, 510,000; *New Liberty*, 500,000 and *Chatelaine*, 400,000.

Mr. Speaker, the growth in the circulation of Canadian magazines and in their revenues is indeed very striking. I have before me figures of six of the leading Canadian magazines which show that in the ten-year period from 1946 to 1955 their circulation increase ran to these figures: 408 per cent, 45·8 per cent, 48 per cent, 123 per cent, 63 per cent, 76·8 per cent. Their revenues increased by the following percentages in the same ten-year period: 456·9 per cent, 46·3 per cent, 67·8 per cent, 292·9 per cent, 211·9 per cent and 6·6 per cent.

While the minister has asked the house to draw a rather dreary picture of their outlook, I must say that the virile nature of these Canadian publications and the figures of increase in their circulation and revenues do not at all bear out what the minister argued tonight. Here is what one of these magazines—one of those that are supporting the minister's tax—has to say of itself:

> Growing twice as fast as fast-growing Canada. Audience now 1,836,000. Circulation up 66 per cent since 1946. Population up 31 per cent.

These Canadian magazines are not asking for the sympathy and the dreary expressions of lack of confidence in their future that we have heard from the Minister of Finance here tonight. We of Her Majesty's loyal opposition are glad indeed to think that the Canadian periodical publications are showing such vigour and vitality. We have confidence in their future.

The next fact that I put before the house is that we have been given by the Minister of Finance no proof whatever that this tax will indeed help the Canadian magazines. There is no proof that the imposition of this tax on these particular magazines will stop advertising in them. Indeed, having regard to the fact that many Canadian businesses operate on a fixed budget for advertising, it may well be that when this tax is passed on to the Canadian advertiser by the magazines on which it is imposed in the first instance the net result will be that the Canadian advertisers will not reduce their advertising in those particular publications, but will, if they continue to operate on the same advertising budgets, reduce instead the advertising space that they are purchasing in the Canadian publications; and the end result of this tax may well be not to help Canadian magazines by hurting the United States publications, but actually to hurt the Canadian magazines. Do not take my word for it, Mr. Speaker. Here is what has been said by the general manager of the Association of Canadian Advertisers in an open letter that he wrote to the Minister of Finance on April 3, 1956. I do not think any hon. member of this house can maintain that he is in as good a position to judge of the effect of this tax upon the advertising business and the advertising habits of Canadian advertisers as is Mr. Frank A. Healy, the general manager of the Association of Canadian Advertisers. This is what he said in his open letter to the minister:

> Dear Sir:
>
> The board of directors of the Association of Canadian Advertisers has instructed me to advise you that, after careful deliberation, this association feels duty-bound to voice its strong objection to the 20 per cent tax to be levied on the gross advertising revenue of special editions of non-Canadian periodicals issued to the public in Canada.
>
> Since your announcement to this effect in the House of Commons on March 20, a large percentage of the 167 member companies of this association, representing approximately 85 per cent of the

national advertising dollars spent in Canada, have communicated to the board of directors their deep concern and alarm at this precedent-setting discriminatory tax which will directly affect Canadian national advertisers.

As Canadian advertisers, we fully respect your government's desire to protect our own Canadian culture and nationalism. We would, however, like to point out that despite the Canadian editions of foreign publications, Canadian periodicals have expanded tremendously in scope, as much as 50 per cent in circulation and 80 per cent in gross advertising revenue, in the past 10 years.

It is not the intention of this association to judge whether or not Canadian editions of foreign magazines have been hampering the development of Canadian magazines,—

Mr. Harris: That is the very point of the letter.

Mr. Fleming: I continue:

—but we doubt whether such drastic action would have been taken had you been fully aware of the fine record established over the years by Canadian magazines.

Although the national advertisers of Canada are against, in principle, tax legislation aimed at throttling any one segment of our industry, an industry which we feel is so vital to our national economy and development, we, the national advertisers of Canada, are deeply concerned that this legislation will not achieve its purpose but, on the contrary, serve to hinder the intake of advertising revenue by all Canadian magazines.

This concern is based on the presumption that Canadian editions of foreign publications will have the choice of either ceasing publication or increasing their advertising rates and, perhaps, their cost to the consumer. Canadian national advertisers have every reason to believe that these publications will not cease publication.

As a result, the majority of ACA member companies, will be faced with the increased advertising rates and in order to find the extra funds to cover such increased rates will be forced to trim their advertising expenditures, not only in Canadian magazines, but in other Canadian advertising media as well.

The board of directors of the association of Canadian advertisers, therefore, respectfully requests that you reconsider this legislation in as much as the tax would provide only a negligible amount of revenue to the government of Canada, and would not, in our opinion, accomplish the purpose for which it was intended.

Sir, I think the Minister of Finance is a brave man, perhaps not a wise one, to set his opinion against the opinion of those in the advertising business who presumably know more about that business than anyone else in Canada, including the minister and his advisers.

Mr. Sinclair: He is a brave man; he showed that before.

Mr. Fleming: Sir, the next obvious fact is that if the minister is concerned about seeing that Canadians read Canadian magazines and not American magazines, one would have thought that he would not have singled out some few of those publications, but that he would have had concern for the larger fact that there are great quantities of American magazines, far beyond the number affected by this measure, coming into Canada and being read by Canadians; but the minister apparently entertains no concern for those magazines. His concern is simply for the reading by Canadians of those magazines that have a special edition for this country. Again I say, Mr. Speaker, it is perfectly apparent that this tax abounds at every turn in discriminatory features.

Sir, what has been the reaction in this country to the proposal made by the minister with respect to this tax? The reaction in this country, as may be judged by editorial columns right across the country, has been strongly hostile to the tax. Indeed, the strength of that hostility, both in the quality of expression and in the widespread sources right across the country in which it has been expressed, is almost unparallelled, with the possible exception of the reaction editorially to the government's program a year ago on the defence production measure and on this year's pipe line measure, with all that happened in the course of the debate. In fact, sir, I think it no exaggeration to say that no tax proposed by any minister of finance in Canada's history has met with a more hostile reception, if indeed as hostile as has this proposed tax. Listen to some of the adjectives and other expressions that have been applied to it. I just chose these at random. Most of them, I think, have come from Liberal newspapers, papers that normally called themselves Liberal and until at least recent times gave strong support to this government as long at it did retain a shadow of pretence of right to call itself Liberal. Listen to these adjectives selected at random from the editorial columns right across Canada: bad, vicious, unnecessary, punitive, discriminatory, dangerous, unfair, protectionist, misplaced, useless, unwelcome, a tax on ideas, a stroke of folly, more harm than good, an artificial prop under a free press, high-handed discrimination, unadulterated protectionism, a tax on information, an attempt to destroy several magazines, yielding to a long-standing lobby, economic nationalism in a particularly dangerous form, Liberal principles well prostituted. And, then, the most unkindest cut of all, as I look yonder at the Minister of National Revenue, is this one, "Harris' tax expected to be McCann's headache".

Mr. McCann: Don't be worried over that one.

Mr. Fleming: Well, the Minister of National Revenue will have to stand up for himself, but I can point to at least one newspaper that is extending its sympathy to him. But the Minister of Finance, even in the face

of this universal outcry, expressed in strong but nevertheless extremely accurate terms, has decided that he will not submit to losing face. That is not ever accepted by this government opposite. Anything is better than that the government should lose face!

Sir, we hear mention made in this house from time to time of the word "protection". Well, sir, I remind hon. members of several of those expressions applied to this tax by the press—the Liberal press, "protectionist", "unadulterated protectionism", "economic nationalism in a particularly dangerous form", "Liberal principles well prostituted". Even last night the Minister of Finance had a lecture to read to the house on the subject of protection. Now, I suppose, sir, I would not be permitted to refer to that debate. It was a debate on another measure, and that measure is passed, the debate is closed and I cannot refer to it.

Mr. McIlraith: Don't.

Mr. Fleming: Let me suggest to you, sir, that any member of this house who is looking for a first-class, patent contradiction by the Minister of Finance when speaking on August 6 and the Minister of Finance when speaking on August 7, ought to go back and read what the minister said at pages 7106 and 7108 of *Hansard*. It must be the month of January in the Liberal calendar because the minister has been looking opposite ways consecutive days.

There is a remark that I think ought to be made on the subject of our relations with our neighbour to the south, sir. The minister has said this is not an anti-American measure.

Mr. Pickersgill: This is the supreme hypocrisy.

Mr. Fleming: Well, Mr. Speaker, the minister must be aware of the fact that his proposed tax has been roundly denounced in many of the leading United States newspapers in their editorial columns.

Mr. Sinclair: Time.

Mr. Fleming: The minister would do well to go back and see what is thought of his pet tax in the United States as reflected in the editorial columns of some of the leading and most highly respected dailies published in the United States.

Mr. Sinclair: Time.

Mr. Fleming: The house heard the minister make passing reference tonight to the subject of exemptions. It is true that from this tax there will be exempted periodicals the editorial material of which is devoted particularly to religious or medical purposes. I am glad the minister has inserted that exemption in his bill; to that extent his bill departs from but is an improvement upon his resolution. I think it also indicates at least a little afterthought on the part of the minister after the introduction of his budget.

Perhaps it is too much to expect that this may have been remembered, but I wish to remind the minister that in speaking in the budget debate on March 27 I had something to say to him on this particular subject, because I was aware then of a particular medical publication that would be affected by his measure and I thought it was not likely to be unique in that respect.

The publication I had in mind was *Modern Medicine of Canada*, a very highly respected medical publication which has been published in Canada since 1946 and which has a British edition with Canadians on the editorial board. This publication because of having a British edition would have been affected by this tax and I could not believe, Mr. Speaker, that the minister would propose to apply a tax such as this on a magazine of this type. I therefore said, as reported at page 2650 of *Hansard* for March 27:

> We do not like discriminatory taxes. There have been protests already from the United States sources and there have been many Canadian protests. As was inevitable, there are some magazines which evidently were not within the thought of the minister when he proposed this tax and which are now pointing out that they are going to be affected by it. They are not among those which were referred to in the press or in the talk that went on around the corridors. Of such are magazines whose chief purpose is such as the dissemination of medical information, magazines edited by competent medical sources.

The Minister of Finance cut into my remarks at that point to say:

> Mr. Harris: I have had no intimation or indication of a magazine that I had not thought of.

If the minister had thought of this particular magazine at that time I am amazed that he did not provide for an exemption in his resolution. I think it is more likely that he had not heard of this particular magazine up to that time and was not aware of the effect that his tax was going to have upon it; and now that he is aware of it he has taken the proper course of introducing an exemption in the bill.

However, sir, the lesson that ought to be drawn from that episode surely is this: There may be other magazines which will be affected by this tax that we are not aware of here and now. I think it points again to the dangers inherent in such a tax. There may be many more worthy magazines which will turn up that may be affected; not commercial magazines at all but professional

magazines or other worthy non-commercial types of magazines which none of us may have in mind at the moment.

We are faced with the necessity of making a decision on a new tax, an unprecedented tax, a roundly renounced tax. This is not a tax that is being applied at the outset of a new undertaking in Canada. This is not a case of saying to persons who might be contemplating the opening up of Canadian editions of their magazines in Canada, "We are taking note of the fact that you are introducing something new, are engaging in a new enterprise; if you do that we are going to tax you." No, this is a case of applying a new and discriminatory tax to an enterprise that has been in operation and is established. The effects of discrimination under circumstances like that are all the more reprehensible.

I say, sir, that the minister has not been fair in this matter. By his coy and evasive answers in the house, by the elusive tactics he has practised with reference to this resolution ever since it was introduced nearly five months ago, the minister has left those who are going to be affected by this tax wondering whether or not he intended to proceed with the tax. We think they should not be made to suffer for the indecision or the procrastination —whichever it may be; perhaps both—of the minister.

Having regard to the fact that advertising contracts, as the minister must know, are written months in advance, I think that if he is determined to proceed with the tax and if the majority of this house should regrettably support him in this intent he ought to give consideration to deferring the operation of it for some further period to give an adequate opportunity to those who are going to be affected to make their forward contracts.

The bill is going to give wide powers to the Minister of National Revenue to make regulations with respect to the tax. We do not like that kind of legislation.

Let me say this, sir, in conclusion. We as a party do not yield to any party or anybody in this country in our concern for the fostering in Canada of a truly Canadian culture. It is quite true, as the minister has said, that the relationship between Canada and the United States in this particular is probably unique in all the world, with a great country alongside a smaller country speaking the same language.

Mr. Sinclair: Time.

Mr. Fleming: We have shown our concern on many an occasion that this country should be strictly Canadian in its outlook. The expedient to which the minister has resorted in this instance, however, is not the method to preserve and foster Canadian culture and to resist what may be thought to be the overpowering influence of United States thought on Canadian thought and habit.

And so, sir, while we give our support to all the other provisions of this bill, so far as the proposed tax on advertising matter is concerned we oppose that new tax with all our might. We sincerely hope that before this bill emerges from the committee of the whole the house will give us its support in eliminating that discriminatory and unjustifiable tax from this bill.

Mr. Deputy Speaker: If the minister speaks now he will conclude the debate.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I will only reply briefly to some of the more obviously incorrect remarks of the hon. member for Eglinton (Mr. Fleming) beginning with the one in which he referred to my answer to him in the course of his speech on the budget debate.

The fact of the matter is, Mr. Speaker, that I was completely aware of the medical journal he refers to and I had given careful consideration to it before the budget address was delivered. We had decided at that time that medical journals and in particular this one would be the kind we would exempt from tax.

Mr. Fleming: May I ask the minister—

Mr. Harris: The reason we did not put it in the resolution, however, was that at that time we were concerned to have a definition of the type of exemption we had in mind and while we knew we would exempt medical journals and thought it likely we would exempt religious journals, as we have done, we were concerned as to precisely how we might define the exemption. I can assure the hon. member for Eglinton (Mr. Fleming) that when I interrupted him I did not do so for the purpose of pulling the wool over his eyes because he finds it difficult to see some things in any event.

Secondly, both the hon. member for Eglinton and the Acting Leader of the Opposition seem to have some kind of faint cry of help for the Canadian publishing industry though they wanted it to be their particular kind of medicine that the industry would have. There was a nostalgic appeal to the Bennett regime and the way they had taken action to impose a tax on all magazines coming into Canada. If there ever was a tax that could be described as a tax on ideas it would have been that one and not the present tax.

This party when it attained office in 1935 repealed that tax and I am glad to know that

while I listened pretty intently I did not discern very much evidence in either speech which would indicate that they thought we were putting a tax on ideas at this particular time. It is true that in some of the editorial comment immediately after the budget address that idea was given a good deal of credence, that this was a tax on ideas, and the hon. member for York-Humber (Miss Aitken) used that considerably in her address, but that idea is dissipated with the knowledge of what the tax is intended to do in connection with the magazines on which it is to apply. No one has suggested that we are impeding the flow of ideas; indeed I do not think that assertion can now be made in the light of what is intended by the legislation.

This afternoon the Acting Leader of the Opposition used the word discriminatory, and so did the hon. member for Eglinton tonight. He made the point that the Bennett legislation applied to all magazines coming into Canada, and that that was not discrimination, whereas this is because it applies not to those coming in from abroad but to what we call the special edition magazines. I pointed out to the hon. member for Dufferin-Simcoe (Mr. Rowe) that when he referred to what Mr. King had done in 1935 or thereabouts he was referring to editions that did not exist at that time. The present so-called special editions did not start in Canada until 1942 or 1943 and this was not a problem with which Mr. King had to contend, nor even Mr. Bennett for that matter. We have it on our hands now because it has developed in that time and it has developed in a way which I do not think anyone in either 1931 or 1935 could have foreseen. I think the purpose of the tax is perfectly clear and if I did not make it clear to the hon. member for Eglinton, I shall do so now.

The tax is made necessary because of the fact—this fact is not disputed by anyone, not even the Canadian association of advertisers, about which more in a moment—that the peculiar nature of the special editions makes the editorial cost of producing material infinitely lower than that of the Canadian publication. That is the purpose of the tax, and perhaps the only purpose because in some manner, as I said in the course of my remarks earlier tonight, there will be equalization from this tax.

Reference has been made to the letter written to me by the Canadian association of advertisers. I interjected during the course of the reading of that letter to point out that the association expressly disavowed any intention or desire or perhaps ability to solve the problem with which we were contending. They said that they had no comment to make on how to deal with this particular matter. When they called on me they reiterated what they had said in the letter. Their one contention was, and I am glad the hon. member for Eglinton mentioned it, that this being a tax, as they put it, on advertising, where as it can hardly be described as that, they as an association of advertisers would have to object. They conceded the problem with which we were faced but they said that this was not the way to solve it and went on from there to suggest the reason why there ought to be other ways of dealing with it than the one we had in mind.

So did the special edition representatives. I do not intend to say in the house what they said to me except this one thing. They suggested that the only alternative they could think of, and they were free to agree that the Canadian publishing business probably did require—perhaps that is too strong a word—they agreed that if we had in mind assisting them, obviously there was a case for it. Their only suggestion was that we should reduce the postal rates in Canada in favour of the Canadian publishing houses and leave the postal rates on the special editions higher. I have already disposed of that.

I appreciate hon. members' desire to curtail the debate and I intend to follow that desire. It would seem to me that the only objection that has been raised in real essence by hon. members opposite is that we should have resorted to a tax on the inflow of magazines of all kinds from abroad such as they had—

Mr. Fleming: No, that has not been suggested.

Mr. Harris: Perhaps that is too strong. In each case the hon. gentleman representing his party's position referred to what had been done in 1931 and also went on to say—I think I am quoting correctly—that if it had been desired to do something then, and then they went on to what I thought was still approval of a general tax on the importation of magazines into Canada.

Mr. Fleming: Definitely not.

Mr. Harris: I am glad to know that over a period of 25 years we have converted the hon. member for Eglinton to our way of thinking. The Canadian publishing business has thrived, as has been indicated tonight. I placed on the record figures to show that circulation has increased since the war. I do not think there is a business in Canada that has not prospered since the war, especially because of the policies of this

government, and it would not be unexpected that the publishing business would gain in prosperity during that time along with other industries. But may I remind hon. members of what I said in the course of moving second reading about an hour ago, that despite the increase in circulation and despite the increase in advertising revenues, these magazines lost money last year. That is the chief reason why I am urging upon the house the carriage of this particular item.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1.

Mr. Fulton: Would the minister give us a detailed explanation now that we have the details before us of just what this change accomplishes? I have the act in its present form before me and frankly I am not able to see that the explanatory note covers fully the change.

Mr. Benidickson: The explanatory note indicates that we are deleting from part 1 of the Excise Tax Act the reference to the 2 per cent premium tax on insurance companies. What will remain in the statute will be simply the provision with respect to filing returns and the remaining section 4 of the bill which deals with the tax on persons placing insurance with foreign companies that are not authorized to do business by provincial or federal regulations.

Mr. Fulton: Why is not section 3 (a) deleted or repealed?

Mr. Benidickson: I think that will be clear in later sections.

Mr. Fulton: At the present time it pays 2 per cent tax within Canada, does it not? Then, if subsection (a) is not repealed, by what legal provision of the bill will that company be exempt from paying the tax in Canada?

Mr. Benidickson: It is simply a definition.

Mr. Fulton: Yes, but you are not repealing the taxing provision of section 4. In section 4 you say:

> (1) Every person resident in Canada who insures property situated in Canada, in which he has an insurable interest otherwise than as an insurer . . .
> (2) For the purposes of this section, every corporation carrying on business in Canada shall be deemed to be a person resident in Canada.

Such a company is defined in the present act and would be liable to pay tax.

Mr. Benidickson: No, under the provisions of the bill the only tax will be the 10 per cent tax on net premiums of a company that is considered to be unauthorized to do business in Canada.

Mr. Castleden: Has the minister any figures as to how much of such business has been done in Canada in the past? What is the percentage of Canadian insurance written by companies outside as compared with companies licensed within Canada?

Mr. Benidickson: I have no figures as to the proportion of the business done by unauthorized companies as such in Canada, but I have figures as to the amount of premium taxes that have been collected in the last five fiscal years from such companies. In the last fiscal year, 1955-56, the premium tax was $32,000 as against a tax on authorized companies of something in excess of $15 million.

Mr. Castleden: Are those companies mostly in the United States or are they European companies?

Mr. Benidickson: They could be anywhere. I think that basically they are sought out when insurance cannot be placed through one of the companies that are licensed in Canada. Certainly we should keep some control over insurance of any kind that is insuring Canadian property.

Mr. Castleden: I would agree with that, but it is a matter of whether this business is being done in the United States or in European countries. If you are collecting that tax, or if these returns are coming in and these premiums have been paid, you ought to know where the insurance has been placed.

Mr. Benidickson: The tax, of course, is upon the person resident in Canada who is insured. I do not happen to have the distribution of the companies with whom that is placed, but all Canadian agents and brokers are required to file with the superintendent of insurance a report as to any unauthorized insurance company with whom they have made contracts for Canadians.

Mr. Fulton: I understand that the reason for this provision is because of the arrangement concluded with the provinces under the fiscal agreements. Is the minister or his assistant in a position to assure us that, apart from those companies not authorized to do business in Canada, referred to in section 4, the 2 per cent tax on all other insurance companies carrying on business in Canada is repealed by this provision?

Mr. Benidickson: That is correct.

Clause agreed to.

On clause 2—*Tax on insurance with British or foreign company.*

Mr. Fleming: Whilst the general purpose of clause 2 is clear and the explanatory notes are clear, the details of the individual amendments, I think, call for a little explanation. Some of these certainly do not arise directly out of the repeal of the taxation provisions as applied to Canadian insurance companies. Some other textual amendments have been introduced for some reason or other. What is the reason?

Mr. Benidickson: My hon. friend is referring to the slight amendments that have been made in these statutes that replace the former. In particular I would refer him to section 5(2). There is there an extension of the time for filing the return of only five days. Then the word "immediately" results from the fact that there was not a clear cut requirement under the former statute to pay the tax within the year after the premium was paid. It could possibly have been required during any of the years in which the premium was earned. That is being cleared up.

Clause agreed to.

On clause 3—*Definitions. "Editorial material".*

Mr. Fleming: This is the principal clause of the bill in our view, and of course, before the clause is disposed of, we shall wish to divide the committee of the whole on it. Before the vote is put, as it will be a straight negative and not simply an amendment, there are a few questions I should like to put to the minister. Has he in mind introducing any amendments to the clause?

Mr. Harris: No.

Mr. Fleming: Has he not given consideration to enlargement of the exemption? For instance, on page 3, at line 23, the exemption now applies simply to:

> a periodical if the editorial material contained therein is devoted principally to religious or medical purposes.

Has he given consideration to including, say, educational purposes?

Mr. Harris: To answer this and the reference that the hon. member made in the course of his speech, I would say that we have examined as carefully as we can all the special editions that either are now in existence or have been. There are some that have been in existence before and are not now. We did not find any of other than a religious or medical nature. This is not to say that there may not have been some slight variation, but they have been, as far as we have been able to make out, of a religious or medical nature alone. If an educational one or a scientific one is established, I would have to consider that and bring it before the house in the future, but I think the committee can take it that, as far as I know, they do not exist at the moment.

Mr. Fleming: Even if they do not exist at the moment, there is the admitted possibility, if not likelihood, that such magazines in the future might come within the terms of the taxing provisions. Surely it would not be the wish of the minister to apply this tax in such a case. Would it not be better to introduce such a provision now?

Mr. Harris: No, because it is quite easy to use the word "educational" and think in terms of the most advantageous kind of periodical that one could have for the teaching of young people and adults, but on the other hand the use of the word in itself would indicate almost any subject whatever. Anything at all is educational; I cannot imagine something that is not. Our difficulty would be to say what is educational and what is not. So for that reason I consciously decided that we should not attempt it until we found something which clearly was within that, and then we would consider whether it would be exempt or not.

Mr. Fleming: I am sure the word "educational" has to be interpreted by the government in many statutes, and it is no more difficult of interpretation than many other words that the government has to interpret all the time, such as "philanthropic".

Mr. Harris: I would concede right now that the *Reader's Digest* is educational.

Mr. Fleming: I am afraid that the minister and I are not going to progress very far, then, in trying to improve the exempting provisions in that respect.

Another question I raised was as to whether the minister, in view of the delay that has occurred and with all the uncertainty that has been created by silence, is still determined to make the tax effective on January 1, 1957?

Mr. Harris: Yes, Mr. Chairman. There has been no difficulty and there has been no uncertainty but if my hon. friend feels that repetition of questions in the house directed to the presentation of a bill which had been forecast in the budget speech is delay, I am afraid I will have to let him have that opinion.

Mr. Fulton: Would the minister say how it is proposed to set the value of the advertising material referred to in paragraph 9, the

value in whose hands, the value to the magazine or the value to the advertising agency that places the account or the net cost to the advertiser? How is that going to be assessed?

Mr. Harris: It is the net income to the magazine. It is the net value of the advertising since there is a commission which comes off it before it is remitted to the magazine.

Mr. Fulton: It is the net receipt to the magazine for the sale of the space.

Mr. Harris: Right.

Mr. Fulton: There is one other thing. Will the magazine itself be responsible for paying the tax or will the agency which places the advertising have to pay the tax at the time of its receipt of the money from the advertising, or how is that to be handled?

Mr. Harris: We do not intend to ask the advertising agency to deduct the tax. We will have to assess the companies and make arrangements with them as to the manner in which we can assess the tax.

Mr. Hamilton (Notre Dame de Grace): Since this is going to be a straight affirmative or negative vote, I should like to put one or two other points before the minister that may still persuade him to change his mind. I should also like to take issue with one or two statements he made earlier in the debate. In the first instance, the minister suggested that this was not really a tax on advertising. I do not think it can be called anything else and I suggest to him that is one of the principal reasons why the business community of Canada has taken such strong exception to the tax.

Paragraph 9 refers to a tax of 20 per cent of the value of advertising material contained therein. It is a tax on advertising, and the greatest lubricant, the greatest single force responsible for taking the goods produced by our modern economy and making them available to more and more people has been advertising and merchandising. I think most of us will agree with that. Therefore anything which tends to increase the cost of advertising and make it more expensive tends to decrease its utility and usefulness and to impede our industrial progress and our progress as individuals towards higher standards of living. I am not going to labour the point because I see the minister nodding his head which I hope means he agrees with me, but basically because this tax is looked upon as a tax on advertising it is viewed with considerable distress, opposition and antagonism by the majority of business in Canada, and

I think that has been reflected in the editorials that have appeared in the papers and in the representations which have been made to the minister.

Having said that, I should like to refer to the fact that the minister made certain statements regarding the very poor position in recent years of certain Canadian publications. He has an advantage over us in that respect because practically all these organizations are closely owned and do not publish their financial statements, as the minister knows. Therefore he has information which is not generally available. I would point out to him, however, that in at least one or two cases such as Saturday Night Press, which does publish a financial statement, their publishing business is only a portion of their overall operation, and while there has been no indication that that particular company is doing well there has been no indication either that the blame may be laid at the door of their publishing business. It could very well be because of their printing business.

But turning to the minister's specific worries about the growing difficulties which these companies have been experiencing over the last four years, some of these companies have published observations on their progress and we find statements like this in *Canadian Advertising* for March, 1956:

> Maclean's . . . are today harvesting sweet fruits . . . advertising investment in Maclean's is up 117 per cent since 1950.

In the same edition of *Canadian Advertising* the Wallace Publishing Company states:

> Jet propulsion . . . when in the brief span of a decade a company grows to 25 times its original size.

Weekend magazine states in the March 23, 1956 issue of *Marketing*:

> *Weekend* magazine in 1955 topped all other magazines in advertising dollar volume.

Floyd Chalmers, president of Maclean-Hunter Publishing Company, states in the *Financial Post* of May 23, 1955:

> For the 13th successive year Maclean-Hunter has shown an increase in gross business over the previous year . . . gross revenue was $16·2 million.

Mark this:

> Since the beginning of 1955 two publications have been started . . . we now publish four national magazines.

The *Financial Post* of March 26, 1956 reports the following:

> Canadian magazines have sold $17·4 million worth of advertising space in 1955—$1·3 million over the previous year.

Finally, *Marketing* for January 13, 1956 reports:

> There's a good year ahead for magazines . . . some of the more optimistic publishers see dollar boosts of from 20 per cent to 50 per cent . . . Magazines roll out the red carpet.

I suggest to the minister that in the light of such remarks those people who have persuaded him that Canadian publications generally have been experiencing growing difficulties during the past four years may have overemphasized their particular situation to him. It is very easy. The minister has heard these representations, but to the best of my knowledge and that of the trade he heard them almost primarily from the one side and not from the other.

The minister suggested that the government had done their best to channel advertising revenue into Canadian magazines in order to help them. It was only last Friday that we noted and passed in the house an expenditure of $980,000 for travel advertising in magazines by the Department of Northern Affairs and National Resources, and every cent of that was specifically dedicated to United States magazines. A portion of that money could well have been spent in Canada to persuade Canadians to travel in their own country rather than go south of the border. If that is an example of the help which the government has been giving to Canadian magazines, I do not think it is very realistic and I must doubt that the minister's colleagues have actually been supporting him in this idea he has put forward.

The minister indicated his concern over the growing circulation in Canada of general magazines from outside Canada. Unfortunately I have not got any statistics at hand on the growth of circulation of magazines from outside our borders, but I would suggest to the minister that the growth of Canadian publications has not been too poor.

Twenty years ago Canadian periodicals sold 4,059,000 copies a month. Ten years ago they sold 10,899,000 copies a month, and last year Canadian periodicals sold 18,173,000 copies a month. These are very sizeable increases. They represent a growth of more than four times in 20 years, a growth which has far outstripped our Canadian population.

It rather indicates that despite whatever circulation increase may have been achieved by United States magazines, our Canadian magazines have also been doing well in that field.

The minister also indicated that the tax was designed to assist not the publishing house but the magazine. The only way in which I can deal with that argument is to say that it sounds to me like doubletalk because every magazine is owned by a publishing house and is controlled by it; and any assistance which goes to a magazine goes equally to a publishing house.

Fourth, in dealing with the minister's statement I would point out that he speaks about his worries with regard to the total disappearance of the few remaining magazines of general interest here in Canada. In that connection—and again to show the minister that the Canadian publishing industry has been doing quite well on its own feet—I would point out to him that in 1935 there were 57 Canadian consumer magazines of one sort and another.

Mr. Harris: Mr. Chairman, I know that under present conditions I should not be interrupting anybody but may I say that I think this is a second-reading speech. My hon. friend will probably agree with me. While I would be agreeable to having him continue, I would agree on the understanding that we do not get into second-reading speeches on this matter on the assumption that we want to have a decision on this matter before we are obliged to adjourn in view of the later proceedings.

Mr. Fulton: It is not a second-reading speech, Mr. Chairman. The hon. member is advancing reasons why we should vote against the section.

Mr. Hamilton (Notre Dame de Grace): In dealing with the minister's point of order, may I say that I deliberately held back this material until we reached this point. We had the resolution which carried a number of items. We had a bill which carried a number of items. It was and is my intention to try to persuade this house to vote against a particular clause in this bill. We have now reached that clause and I am putting forward reasons why this house should vote against it, without becoming involved with the question of excise tax, sales tax or anything else. It seems to me that it is the most orderly way to do it. Perhaps the minister will now allow me to proceed. I may say that I promise that I will be through before ten o'clock.

Mr. Harris: I hope the hon. member will be through sometime before ten o'clock, inasmuch as we must conclude before ten o'clock.

Mr. Hamilton (Notre Dame de Grace): As I was saying, Mr. Chairman, in 1935 there were 57 Canadian consumer magazines. In 1945 there were seventy and by 1955 there were 103. In the field of business and trade publications for the same three years, the numbers rose from 208 to 305 to 465. I suggest

that those figures show the minister that the magazines are not disappearing from the Canadian market but rather that they are coming more and more into the Canadian market and that the publishing industry in Canada is well able to look after itself.

Just today, Mr. Chairman, figures came to me indicating that, despite this difficult position which the minister puts forward for the Canadian publishing industry, they are able to compete and are actually able to raise their advertising rates. If you are able to raise your rates, that is an indication that you are in a strongly competitive position. In the first six months of this year, of our Canadian consumer magazines there were 9 which increased their rates and one which decreased them. Of our business publications there were 30 which increased their rates and none which decreased them. Those figures would seem to indicate strongly, Mr. Chairman, that our Canadian magazines are successfully meeting this competition and that in most cases at this point they do not need this type of protection which is so invidious and so unsatisfactory, as was pointed out by my colleagues.

I am not going to labour the point further, Mr. Chairman, but there is one thing I hope I shall not hear from a government which has at one stroke with this tax done grievous harm to two fine publications, namely *Reader's Digest* and *Time* magazine plus a number of others which are less well known. I hope that same government is not going to come out and, under the guise of talking about what they have done for Canadian culture, leave the Canadian public with the impression that their attack has been directed against *Modern Detective Stories, True Love Stories, Esquire, The Police Gazette, Modern Scientific Stories* and many others—I could give the minister a list of 100 publications of that sort—which are flowing across the border into Canada every day and which are contributing nothing to our culture, to our advancement or to our civilization. Instead of taking any broad approach to this matter, the minister has singled out the two publications I have mentioned in the full knowledge that one of them has been one of our best Canadian industries and businesses, spending over $6 million a year in this country and employing over 600 Canadians. To my way of thinking, Mr. Chairman, it is something of which this government can be little proud.

Mr. Zaplitny: Mr. Chairman, I just wish to express my own personal views on this matter very briefly. A while ago, on the resolution stage, I asked the minister what criterion or method would be used to define the words "the same or substantially the same" as they refer to the editorial material in the so-called special editions. His answer was far from satisfactory. In addition to that, I feel that this is definitely a protectionist move disguised as something different. It is an attempt to tax the advertising of the special editions in order to fulfil the avowed purpose set out by the minister himself, namely to assist Canadian magazines which, he said, were losing money. We have no figures to show that they are losing money but we must take his word for that.

What I do not like in that respect is the special statement "to assist Canadian magazines". There are many desirable Canadian magazines that I should like this government or any other government to assist. But when you say "to assist Canadian magazines" and stop there, what does that mean? Does that mean that every Canadian magazine printed and published in Canada is a desirable magazine, so much so that it is more desirable than is anything printed in these special editions? The minister does not think so and I do not think so. Yet, without any way of separating them, this is a move to assist all Canadian magazines, some of which may be absolute trash. There are some that are trash and we know it. Why should we make a blanket provision to assist any kind of literature published in Canada just because it happens to be published in Canada? As a matter of fact, I have seen some Canadian publications which contain nothing more Canadian than many of the United States editions that come to this country. That is one ground on which I feel that this is a clumsy and deceptive provision.

In the second place, what would be the effect of taxing this advertising? It may not be of any assistance whatever—in the long run—to the Canadian public because, if this protection goes through, and if the Canadian magazines wish to take advantage of the fact that there is that protection on this type of advertising, the result may be that they will just raise their advertising rates and take up the slack or take up the difference, and then the competitive position will disappear. Personally I do not think that this tax will have any effect on the number of special editions sold in Canada. All it will mean is that there will be a higher cost to the consumer of that material in Canada. Then, on another ground, and to me this is rather important, it is left to the Minister of National Revenue to define or to decide what is meant by the term, "the same or substantially the same". With all due respect to the Minister of National Revenue, either the present one or any other minister, I do not think that he is competent to decide what is meant by the words, "the

same or substantially the same", when it comes to editorial material.

Then, there is exemption for material which is principally for religious or medical purposes. Well, the hon. member for Eglinton has already pointed out that here you have wide-open possibility for discrimination. Why not educational material? For that matter, why not scientific? There are many people who might think that scientific material is far more important than medical material. Why not agricultural material, and so on? There is almost an endless list that you could add to that. I think it is leaving much too much discrimination in the hands of the Minister of National Revenue, and it is a clumsy and half-baked way in which to try to do something which might be desirable but which, in my opinion, this one certainly does not accomplish.

The Chairman: Is the committee ready for the question? Shall clause 3 carry?

Some hon. Members: No.

Clause agreed to: Yeas, 76; nays, 25.

The Chairman: I declare the clause carried.

Clauses 4 to 6 inclusive agreed to.

On clause 7—

Mr. Hamilton (York West): Mr. Chairman, I am not going to make any apologies for standing up, but I do undertake to make my remarks brief. Unfortunately, I was not able to hear the minister's statement on the reasons for deleting the words "soil pipe for buildings", being item 1(e) in the original draft, and I wonder whether he might repeat in brief what he said this afternoon?

Mr. Harris: Mr. Chairman, I said that we had decided in the budget address and in the resolutions as tabled to extend the exemptions for soil pipe from the sales tax to include soil pipe other than soil pipe made of cast iron, which is the present exemption. In saying that, I hoped that we could carry it out, but subsequent investigations showed that soil pipe not made of cast iron can be used, and is being used, for purposes other than in a building, and we did not intend to extend the exemption to that kind of soil pipe. Therefore, I am withdrawing the proposed new wording so that the law will continue to be in the form that it has been with regard to soil pipe. The cast iron soil pipe will continue to be exempt, and we shall continue to study the other question to see if we can find a method of exempting from tax any soil pipe that goes into a house.

Mr. Hamilton (York West): I gather it is the intention of the minister to pursue that problem so that other material such as copper used for the specific purpose might—

Mr. Sinclair: For soil pipe?

Mr. Hamilton (York West): Yes, for soil pipe—might obtain the same type of exemption as cast iron.

Mr. Harris: We have that in mind, yes.

Clause agreed to.

Clause 8 agreed to.

On the schedule.

Mr. Fulton: I have one question on the schedule. What consideration has been given to the suggestion made from time to time that lieutenants governors of the provinces should receive an exemption comparable to that of His Excellency the Governor General and certain diplomatic missions? I know their obligations are the same, but they pay the full price for everything they use in the discharge of those obligations.

Mr. Harris: I do not suppose that they are a pressure group because I have not heard from them in this respect, but I shall look into the question. I must say it has not come to my notice that any such request had been made.

Mr. Fulton: I did not say there has been. I said "suggestions" not "request". I doubt whether lieutenant governors would feel themselves free to make a request formally, but I have heard the matter discussed from time to time. I know it is a real problem, and something which the minister should consider.

Mr. Harris: Yes.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

65. Administration of the Immigration Act, $950,650.

Mr. Pickersgill: Mr. Chairman, the hon. member for Fraser Valley was kind enough to say that I could take a moment or two, before he proceeded with his remarks, so that my remarks could be in the same *Hansard* as the remarks of the hon. member for Kamloops about the Spalding case to give the real facts of this case in fairness to a

conscientious officer of the department who, I admit, did make a mistake.

Now, the facts are that this woman came to Canada from Australia with an infant son less than a year old; that she had deserted her husband and two other children; that she arrived—

Mr. Fulton: On a question of privilege, the minister said he was going to give the real facts. If he says that, why does he not do it? That was not the finding of the court of Australia and that is not the situation. Why does the minister further attempt to blacken the reputation of an innocent woman about whom the courts have found that his department made a mistake.

Mr. Pickersgill: Perhaps the hon. gentleman might listen to me in silence as I listened to him, and if he has anything to say in reply I will be very glad to accord him exactly the same courtesy.

This case has been grossly misrepresented on a number of occasions and I intend to stick very strictly to the facts that are a matter of record.

I have not said anything about anything that did not happen. The fact is that this woman arrived without her husband. She admitted at the inquiry that her passage had been paid by someone else. She did not have a return ticket; she had no money and no visible means of support, and it was quite proper in my view for the special inquiry officer to find that she was the sort of person who was likely to become a public charge.

Now, I admit that technically the officer did not carry out the proceedings of the inquiry in the way in which they should have been carried out, and that was very unfortunate. But these are the facts of this case. This women subsequently hired a lawyer in Vancouver who took the case into the courts and won the case for her and I have no criticism of that whatsoever.

An hon. Member: I hope not.

Mr. Pickersgill: But I have a criticism of something else. This woman asserted that she was seeking a divorce in Australia for the purpose of marrying this man who had paid her passage. It would seem to me that this was a pretty material fact and that, when she got the divorce and married, this information should have been conveyed promptly to the department. As soon as we did get the information we proceeded to process the case at some expense to the taxpayers, and I think it is very probable that she will be landed quite soon. I understand the medical examination has not yet been completed.

[Mr. Pickersgill.]

I think that anyone hearing these facts would agree this is not the sort of person we are supposed to be looking for as an immigrant. Our immigration policy is not designed to go about seeking women who have deserted their husbands and families and come to this country with infants and without visible means of support; and these are the facts of the case.

Mr. Fulton: Mr. Chairman, may I just make a brief reply. It will not take me more than two or three minutes to set the facts as they actually are on the record.

This lady left Australia having placed her two elder children with her mother under arrangements which were subsequently confirmed by the courts in Australia on the hearing of the divorce application. It was her intention and it still is to bring those two elder children over to Canada after her status here has been regularized and this is what the minister chooses to call—apparently in an attempt to continue to defend himself and his department—deserting her husband and children.

The minister has absolutely no respect for the courts because the proper judges of the moral character of the woman and her evidence in this regard are the courts. The minister and his department condemned her on hearsay without giving her a proper judicial inquiry as was found by the appeal court of British Columbia.

That is the essence of our objection; not that the department does occasionally have to exercise some judgment as to whether or not people are admissible—it has to do that—but our objection is that the department exercises the judgment without giving the subject of the inquiry a proper right to state his or her case. Had that right been given in this instance this misunderstanding and the ghastly consequences from the point of view of the woman's reputation and peace of mind would never have taken place. This is true not only of the Brent case but it is true also of other cases.

We have pointed out to the minister that his department proceeds on a wrong principle in carrying out its investigations; not that there should not be an investigation but that the department proceeds on a wrong principle in carrying out the investigations.

In fairness to the hon. member for Fraser Valley I will say no more tonight but we will have some more to say about this in the subsequent discussion of the minister's estimates and about the principle involved of which this case is an illustration.

Mr. Pickersgill: I think, sir, the facts speak for themselves.

Mr. Patterson: Mr. Chairman, it is not my intention to take very long tonight in making my observations but I would like to say the reason why I am not going to take so very long is not the reason given in an article in the newspapers today which stated that the Social Crediters are always complaining about the business of the house going so slowly.

I do not think we have been doing too much complaining. We have been participating in the debates and have been doing our best to present the views of our constituents. Certainly, however, we do not feel that we have to prolong the proceedings and consume needless time. Therefore, it is not because of what appeared in the papers today that I am going to make my remarks as briefly as I possibly can.

At the outset I would like to state my appreciation to the minister and his officials of the courtesy and dispatch with which my representations have been dealt from time to time. When I have had occasion to make representations to the Department of Citizenship and Immigration I have always found the officials extremely co-operative and courteous and I wish to place my appreciation on the record at this point.

I want to speak very briefly with regard to the subject under discussion, immigration. I feel that immigration should be accelerated. I am not pleading tonight for a wide-open policy but I think there are some substantial reasons why the inflow of immigrants should be accelerated and this can be done without causing dislocation in our economy to any great extent.

It would seem to me that one reason we should have an increase in the immigration rate is because of the necessity for domestic markets for our products. In a country such as ours, with a population of approximately 16 million, we can readily understand that our costs are high because of the limited market we have. From time to time we have been told that if we had a larger domestic market the prices would go down on Canadian products. I think that is one valid reason why we should set our sights on an increase in the flow of immigrants and should encourage those who are suitable to come to our country.

Another reason I would like to suggest tonight relates to defence. With our vast areas and long borders we can readily understand how serious a situation would confront us in the event of war with the limited manpower we have in Canada. I would suggest that is another valid reason for increasing immigration into Canada.

There is another reason and it is this. In view of the vast size of our country and the relatively small population we have it would seem to me, looking at it from a Christian point of view, that we in this great country ought to be willing to share it with those who are less fortunate and are anxious to make their homes here.

There is perhaps one more reason. It may be that circumstances will force us in the near future to recognize the necessity of opening our doors to more immigrants. I do not think we can forever keep to ourselves this wonderful country of ours. If we are not willing to open the doors a little and accept people into our country to a greater extent than we are at the present time, then it is possible the day will arrive when someone will seize the opportunity of moving, despite our attitude toward their doing so.

For the reasons I have mentioned I would suggest that immigration be stepped up not to the extent, as I say, that it would dislocate our economy but in an orderly fashion that would build up our population as well as provide homes for those who desire to take up residence in Canada.

Earlier in this debate a question was raised concerning not giving a reason to those who are denied entry into Canada or permanent residence here. I believe this causes uneasiness on the part of a great many people who would otherwise want to spend the rest of their lives here in Canada.

Just the other day I had several visitors, some of whom were taking the civil defence course at Arnprior. One man approached me and, referring to a certain case, wanted to know why that person had been denied the privilege of remaining in Canada. I had not heard of the incident and I told him that I did not know. He said that no doubt there must be a reason and he felt that if that man could be ordered out of the country without any reason being given then perhaps he might be the next on the list, that they might come along and tell him that he could not stay in Canada and yet give him no reason. He contended that the reason for such action should be given.

My main reason for rising on this occasion is to speak on behalf of Canadian citizens of East Indian origin. This matter has been referred to by the hon. member for Vancouver East and what I say now I say on behalf of the members from British Columbia who belong to this particular group. In that way we hope to curtail the debate somewhat. This matter has been referred to and broached on a number of occasions but was brought

most clearly to our attention by a brief submitted by the East Indian Canadian citizens welfare association.

The Chairman: Before the hon. member commences that brief I wonder if this might be a convenient time to interrupt him. I think it was agreed that the committee would rise at this time and report progress.

Item stands.

Progress reported.

Mr. Deputy Speaker: I understand the hon. member for Algoma West (Mr. Nixon) wishes to ask leave to revert to the presenting of reports; is that agreeable?

Some hon. Members: Agreed.

INDUSTRIAL RELATIONS

Second report of standing committee on industrial relations.—Mr. Nixon.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take third reading of the Indian Act, then go into committee of the whole on the amendments to the Unemployment Insurance Act and then estimates of citizenship and immigration and trade and commerce.

It being five minutes to ten the house adjourned, without question put, pursuant to standing order.

ANSWER TO QUESTION

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

PUBLIC BUILDINGS—HEATING SYSTEMS

Question No. 581—**Mr. Smith (Battle River-Camrose):**

1. What type of heating systems are used in the following federal buildings: Sudbury public building; mines and technical surveys building, Ottawa; forest products laboratory, Ottawa; and national research council, Ottawa?
2. Was the type of heating system installed in those buildings the one called for in the original specifications? If not, for what reason?
3. Who were the engineers in charge of the construction of each of the above-mentioned buildings?
4. Did any of the above-mentioned buildings have to be redesigned? If so, under what circumstances and at what cost?

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

Sudbury public building:

1. Hot water heating system using coal-fired low pressure steam boilers and convertors.

2. Heating system being installed as originally specified.

3. Architect—Louis Fabbro, Sudbury, Ont. Consulting engineers—Dye Lewis & Co. Ltd., 66 Elm St. E., Sudbury.

4. No redesign.

Question

Mines and technical surveys building, Ottawa:
(Chemical radioactive ores and administration)

1. Hot water heating system. Heat supplied by steam through convertors. Steam supply from existing central heating plant, using coal and oil.

2. Heating systems being installed according to original design.

3. Architects—P.W.D. headquarters staff. Consulting engineers—Leblanc & Montpetit, Montreal, P.Q.

4. No redesign.

Forest products laboratory, Ottawa:

1. Hot water heating system. Heat supplied by low pressure steam boilers through convertors. Boilers are coal-fired.

2. Heating system is according to original design.

3. Architects—Burgess and McLean, Ottawa. Consulting engineer—J. Klassen, 454 Slater St., Ottawa.

4. No redesign.

National research council.
New central warehouse:

1. Hot water heating system. Heat supplied by steam through convertor from central heating plant using coal.

2. Heating system being installed according to original design.

3. Architects and engineers—Department of Public Works, headquarters staff.

4. No redesign.

HOUSE OF COMMONS

Wednesday, August 8, 1956

The house met at eleven o'clock.

STARRED QUESTIONS

VANCOUVER GENERAL HOSPITAL—FEDERAL ALLOCATIONS

Question No. 64—**Mr. Goode:**

What is the total amount of federal funds allocated to: (a) construction costs; (b) equipment costs, for the Vancouver general hospital in the last 16 years, and how many more federal dollars are committed?

CIVIL DEFENCE, VANCOUVER—DECENTRALIZATION OF HOSPITALS

Question No. 65—**Mr. Goode:**

In connection with civil defence planning, will the Minister of National Health and Welfare consider the importance of decentralizing major hospital construction from Vancouver to those areas outside the boundaries of the city of Vancouver?

VANCOUVER GENERAL HOSPITAL

Question No. 66—**Mr. Goode:**

Is it not time to reassess the requests of the government of British Columbia to further enlarge the Vancouver general hospital, having in mind civil defence in British Columbia?

Mr. Robertson, Parliamentary Assistant, for the Minister of National Health and Welfare: Mr. Speaker, questions 64, 65 and 66 all deal with the same subject matter. With your consent, I will answer these three questions at this time.

Question No. 64 reads:

What is the total amount of federal funds allocated to: (a) construction costs; (b) equipment costs, for the Vancouver general hospital in the last 16 years, and how many more federal dollars are committed?

Since the establishment in 1948 of the national health program federal assistance for construction and for the provision of technical and scientific equipment in buildings and services on the grounds of the general hospital, Vancouver, has totalled as follows: (a) for construction costs, payments, $716,456; further commitments, $612,561; (b) for equipment costs, payments, $336,500; further commitments, $25,900.

Question 65 reads:

In connection with civil defence planning, will the Minister of National Health and Welfare consider the importance of decentralizing major hospital construction from Vancouver to those areas outside the boundaries of the city of Vancouver?

The problem of decentralizing hospital construction has received continuous study for many months, and is still under consideration. The damaging effect of high-yield nuclear weapons covers a radius which would make buildings uninhabitable for 15 miles from the explosion centre. Little protection would be afforded by sites on the fringe of cities, although the reduced damage at that distance might enable hospitals to be repaired and reoccupied as opposed to those within five to 10 miles of the centre of the city, which would likely be destroyed.

On the other hand, many staffing and other difficulties affect the practicability of completely rural location. Question No. 66 is as follows:

Is it not time to reassess the requests of the government of British Columbia to further enlarge the Vancouver general hospital, having in mind civil defence in British Columbia?

During the past year the province of British Columbia submitted a project under the national health program in respect of a proposed addition to the Vancouver general hospital. This project was approved by the federal government and assistance was made available in the amount of $609,236 for an addition of 524 beds and related facilities at that hospital. Since that time no further project relating to the Vancouver general hospital has been received from the province of British Columbia. Planning for the size, location and construction of public hospitals is of course the responsibility of the provincial governments concerned.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ADVERTISING—FEDERAL COSTS

Question No. 67—**Mr. Smith (Battle River-Camrose):**

1. What was the cost of the Department of Public Works' legal advertisements carried in the July 27, 1956 issue of the Mannville *Mirror*?

2. In what other weekly newspapers in central eastern Alberta were these advertisements inserted?

3. How much has the Mannville *Mirror* received from the Department of Public Works for advertising for the years 1953, 1954, 1955 and 1956 up to June 30?

4. How many tenders have been received from the Mannville district during the abovementioned years as a result of these advertisements?

5. How much did the following newspapers receive from the Department of Public Works for advertising during the abovementioned years:

the Camrose *Canadian*, the Vegreville *Observer*, the Wainwright *Star Chronicle*, the Viking *News*, the Lloydminster *Times*, the Surrey *Leader* and the Medicine Hat *News*?

Mr. Bourget, Parliamentary Assistant, for the Minister of Public Works: Mr. Speaker, we are still waiting for a reply from our district office and in the meantime I would ask that this question be made an order for return. As soon as the information is received it will be tabled.

BRANDON EXPERIMENTAL FARM—ENTOMOLOGICAL LABORATORY

Question No. 68—**Mr. Dinsdale:**

1. Have steps been taken by the government to establish an entomological laboratory at the Brandon experimental farm? If so, when?
2. Have any funds been appropriated for this purpose? If so, what amount?
3. What will be the nature of the work carried out in this laboratory if and when it is completed?
4. What progress is being made on the science service building at the University of Manitoba?

Mr. McCubbin, Parliamentary Assistant, for the Minister of Agriculture: Mr. Speaker, I have not the answer to this question and would ask that it be made an order for return which will be tabled as soon as possible.

GRAIN—CROWSNEST PASS FREIGHT RATES

Question No. 456—**Mr. Argue:**

1. Has the government or any department or agency thereof received any requests from the railway companies or other companies or individuals for an increase in the Crowsnest pass rates on grain?
2. If so, from whom and of what nature?

CIVIL SERVICE ACT—EXEMPTIONS

Question No. 562—**Mr. Herridge:**

What number of persons have obtained employment in the civil service of Canada by virtue of exemptions from the terms of the Civil Service Act, by years since 1940?

CENTRAL MORTGAGE AND HOUSING—SALES, CAMPBELLTON, N.B.

Question No. 574—**Mr. Van Horne:**

1. Has the Central Mortgage and Housing Corporation decided to sell its houses in Brookside park, Campbellton, New Brunswick?
2. If so, on what basis were sale prices determined, what is the sale price of each house, and what did these houses cost per unit?
3. How much money was collected in rents for each of these houses on an average?

MOTIONS FOR PAPERS

SALES OF GOVERNMENT PROPERTY, 1955-56

Motion No. 97—**Mr. Dufresne:**

For a copy of all correspondence, telegrams and other documents, relevant to all sales of government properties during the fiscal year 1955-56, in which the total sales price was 25 per cent less than the original purchase price.

[Mr. Smith (Battle River-Camrose).]

Mr. Dickey: Mr. Speaker, I have had a discussion with the hon. member about the wording of this notice of motion and he has advised me he would like to have it dropped.

Mr. Speaker: The hon. member for Quebec West (Mr. Dufresne) is not present. Perhaps it would do no harm to wait until he returns before it is dropped. If he does not return it will die on the order paper.

Mr. Green: Perhaps it could stand.

Motion stands.

POSTMASTERSHIP, DEBDEN, SASK.

Motion No. 99—**Mr. Diefenbaker:**

For a copy of all letters, including in particular alleged complaints, if any, which have passed between the department of the Postmaster General or any officials of his department, and any person or persons, since the 1st day of January, 1956, regarding the postmastership at Debden, Saskatchewan, and the temporary filling of the position.

TRADE

CANADA-UNITED STATES—INQUIRY AS TO CONCLUSION OF TAX TREATY AGREEMENT

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to ask the Prime Minister whether he can inform the house if we will have legislation having to do with the tax agreement between Canada and the United States?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the government would like to have the agreement approved. The matter will be discussed in the usual way as to the possibility of having the legislation dealt with expeditiously before the session ends.

CANADIAN BROADCASTING CORPORATION

VANCOUVER—INQUIRY AS TO LEGAL ADVISERS

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, on Monday the Minister of National Revenue answered a question which was on the order paper in my name and I should like to ask a supplementary question. Would he be kind enough to supply me with the names of legal firms in Vancouver which have given the C.B.C. assistance in the past?

Hon. J. J. McCann (Minister of National Revenue): Yes, I shall comply with that request.

EXTERNAL AFFAIRS

EGYPT—REQUEST FOR SUMMARY OF PRESENT SITUATION

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Prime Minister. Is he in a position to give the house and the country a summary of the situation today in the Middle East, and what are the probabilities of Egypt accepting the invitation to attend the conference? What view has he as to Colonel Nasser's apparently impudent action in arranging to be in Moscow on the opening date of the conference?

Right Hon. L. S. St. Laurent (Prime Minister): I would not like to make any comment upon Mr. Nasser's movements, and I cannot make any prediction as to whether he will accept the invitation to attend the conference which is to take place in London. No developments have been reported to the Department of External Affairs since the beginning of the week.

POSTAL SERVICE

SUTHERLAND, SASK.—REQUEST FOR MAIL DELIVERY SERVICE

On the orders of the day:

Mr. R. R. Knight (Saskatoon): I should like to ask the Postmaster General whether he is now prepared to answer the question I addressed to him on August 1, as reported on page 6784 of *Hansard*, in regard to a petition with reference to mail deliveries in Saskatoon.

Hon. Hugues Lapointe (Postmaster General): I must apologize to the hon. gentleman for not having given him the information sooner. I did make inquiries from the officials of the department, and a petition such as the one he mentioned in his question was received during the course of the week. The decision as to whether letter carrier service can be extended to Sutherland is being looked into again in the light of the representations made by the petitioners.

HOUSE OF COMMONS

REQUEST FOR ONE WEEK'S EXTRA PAY FOR TEMPORARY STAFF

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to address a question to the Minister of Finance. The other day the hon. member for Vancouver South (Mr. Philpott) asked a question of the minister with regard to extra pay for the stenographers and other

members of the staff, who have had this particularly long session, in lieu of holiday pay. I wonder whether the minister has an answer to that question.

Hon. W. E. Harris (Minister of Finance): No. I thought that, if any were required, I might make it perhaps on the closing day.

INDIAN ACT

AMENDMENTS TO PROVIDE FOR CHANGES IN ADMINISTRATION, AMOUNT OF LOANS, ETC.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration) moved the third reading of Bill No. 439, to amend the Indian Act.

Mr. E. D. Fulton (Kamloops): Yesterday in debate on second reading we indicated certain objections and criticisms of the bill. The motion for second reading itself we allowed to carry on division in the hope that in committee our suggestions and amendments might be adopted, at least in part, and thus improve the bill. The minister declined to accept any of the suggestions that we made or to accept any of the amendments. We therefore find that our suspicions and our concern with regard to the bill are confirmed. I would therefore ask you, sir, to call for the yeas and the nays.

The house divided on the motion (Mr. Pickersgill) which was agreed to on the following division:

YEAS

Messrs:

Applewhaite	Fraser (St. John's East)
Argue	Garson
Barnett	Gauthier (Nickel Belt)
Batten	Gauthier (Portneuf)
Blackmore	Gillis
Blanchette	Gingras
Boisvert	Goode
Bourget	Gour (Russell)
Brisson	Gourd (Chapleau)
Brown (Essex West)	Gregg
Bruneau	Habel
Bryce	Hahn
Byrne	Hanna
Cameron (Nanaimo)	Harris
Campbell	Healy
Caron	Hellyer
Carter	Henderson
Cauchon	Henry
Cavers	Herridge
Cloutier	Hollingworth
Coldwell	Hosking
Crestohl	Houck
Deschatelets	Howe (Port Arthur)
Deslieres	Huffman
Dickey	Hunter
Dumas	Jones
Dupuis	Kirk (Antigonish-Guysborough)
Ellis	Kirk (Shelburne-Yarmouth-Clare)
Enfield	Knight
Eudes	Laflamme
Eyre	Lafontaine
Fairey	
Forgie	

Langlois (Gaspe)	Purdy
Lapointe	Quelch
Leboe	Ratelle
Leduc (Jacques Cartier-Lasalle)	Richard (Ottawa East)
Lefrançois	Richard (St. Maurice-Lafleche)
Lesage	Roberge
Low	Robertson
MacKenzie	Robichaud
MacNaught	Robinson (Simcoe East)
McCann	St. Laurent (Quebec East)
McCubbin	St. Laurent (Temiscouata)
McCulloch (Pictou)	Schneider
McIlraith	Shipley, Mrs.
McIvor	Sinclair
McMillan	Smith (Battle River-Camrose)
McWilliam	Stick
Mang	Stuart (Charlotte)
Marler	Thomas
Martin	Tucker
Masse	Villeneuve
Menard	Weaver
Mitchell (Sudbury)	Weir
Monette	Weselak
Nicholson	White (Waterloo South)
Patterson	Winch—118.
Philpott	
Pickersgill	
Pinard	
Power (St. John's West)	

NAYS

Messrs:

Bell	Harrison
Blair	Hees
Brooks	Hodgson
Cardiff	McBain
Castleden	McGregor
Charlton	Michener
Churchill	Montgomery
Diefenbaker	Nesbitt
Dinsdale	Nowlan
Dufresne	Pallett
Fairclough, Mrs.	Rowe
Fleming	Small
Fulton	Stanton
Green	Tustin
Hamilton (Notre Dame de Grace)	White (Middlesex East)—30.

Bill read the third time and passed.

UNEMPLOYMENT INSURANCE ACT

AMENDMENT EXTENDING PROVISIONS TO PERSONS ENGAGED IN FISHING

The house in committee on Bill No. 449, to amend the Unemployment Insurance Act—Mr. Gregg—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Extension of act to fishermen.*

Mr. Gregg: When this bill was considered yesterday by the standing committee on industrial relations, Mr. Chairman, there was a great deal of discussion, and I think useful discussion. When we had finished with the discussion members of the committee realized that the printed copy of the proceedings might possibly not be available until this house rises. Since I had made only a brief statement on the proposed change under section 45 (2) of the act at the resolution stage, the committee asked if I would make a slightly longer explanation when the bill came back into the house, and that, Mr. Chairman, I would ask leave to do.

First, this bill will enable the commission, with the approval of the governor in council, to bring under the act by regulation those engaged in the fishing industry. This part of the bill is to enable a decision now reached with respect to fishermen to be carried into effect during the coming months. The intention is to have the plan ready so that the contributions from fishermen for unemployment insurance might begin to be received on April 1, 1957, and the benefits therefrom available to those who qualify starting in April, 1958.

The second part of the bill is designed to ease the qualifying conditions for drawing benefits under section 45 of the Unemployment Insurance Act, 1955, and because of the inter-related nature of the act one or two other amendments are required as a consequence. I should like to explain the existing 1955 qualifying formula, the results which the formula has produced in the past year and the amendments we are now proposing to make in order to ameliorate those results.

Under section 45 (1) of the 1955 act a claimant, to establish his ordinary benefit period, must have at least 30 weeks' contributions in the 104 weeks preceding the date of his claim, and of those at least eight contributions must be in the 52 weeks preceding his claim or since his last benefit period began, whichever is the shorter period. Section 45 (2) of the 1955 act applies to subsequent claims for ordinary benefits, and I might mention a subsequent claim is one that is made within 104 weeks of the establishment of a previous claim.

Section 45 (2) requires the claimant to have made 30 weekly contributions in the 52 weeks immediately preceding the claim, or since the start of the last benefit period, whichever period is the greater. This section particularly affects groups of workers whose type of work results in their having to claim unemployment insurance benefit every 12 months. To these workers, section 45 (2) means that they have to find 30 contribution weeks every year and there are many who cannot do that. I shall deal more fully with this group in a few minutes.

In addition to these two aspects of ordinary benefit, the 1955 act provides for two classes of seasonal benefit. The concept of seasonal benefit was introduced into our unemployment scheme in recognition of the fact that we have had winter unemployment problems

of some magnitude. Consequently, it is payable only between January 1 and April 15, the period when it is difficult for an unemployed person to find work. It applies to those who are unable to qualify for ordinary benefit.

To qualify for class A seasonal benefit, a claimant must have 15 weekly contributions since the previous March. Class B seasonal benefit is payable to a claimant who has had an ordinary benefit period that has terminated since the previous April 15. Class B seasonal benefit is payable even though the claimant has not been able to contribute to the scheme since his ordinary benefit period expired. The theory here is that if he was unable to find work during the spring, summer and autumn, he would be highly unlikely to find it during winter.

Now that I have talked about the qualifying formula that was evolved for the 1955 act, I would like to outline the results of actual practice that were observed in the months following October 2 last year when the new act came into effect. With section 45 (1) there was no difficulty. Indeed, a claimant filing his first claim can hardly have any real attachment to insured employment if he was not required to work at least 30 weeks in the last two years, with eight of them in the last year. By a worker with a "real attachment to insured employment" I mean a worker who is actually at work requiring insurance stamps.

In regard to section 45 (2), certain difficulties arose. This section provided that if a claim is made every year, the claimant, on his second and each following claim, can qualify only if he has 30 contributions in the 52 weeks preceding his new claim. This means that a worker whose job begins in the spring and who is laid off and claims benefit each year in November, for instance ,can qualify for ordinary benefit only if he has made at least 30 weekly contributions since the previous November. This applies in the same way, of course, to claimants whose lay-off period comes at other times of the year. We feel now, from the experience gained, that this disposition works too great a stringency on a number of workers who, although their employment is less than year-round, nevertheless have a very substantial attachment to insurable employment. Because of these limitations that our climate imposes on certain industries, many persons who must of necessity confine their work to those industries are unable to get as many as 30 weeks of insurable employment in a year.

During the four months after the 1955 act went into operation, that is, the months of October, November, December, 1955, and January, 1956, the number of claimants who failed to qualify was 45 per cent of all those filing initial claims, as compared with 29 per cent in the same four months a year before. Most of this increase was caused by section 45 (2). The number of persons involved was, as I told the house last April 18, over 90,000. It is true, of course, that some 90 per cent of these workers had enough contributions to qualify for seasonal benefit beginning on January 1 of this year.

It is also a matter of record that the percentage of those failing to qualify levelled off in the winter to about the same ratio as in the previous winter. This shows that between October and January there is a considerable volume of claims from persons who have a spring-summer-autumn pattern of employment.

To sum it up, where the difficulties occurred was among those who work for periods just slightly shorter than 30 weeks each year, and in particular among groups who tend to suffer lay-offs at times of the year when they cannot draw seasonal benefits. It is these workers to whom our present amendment will apply.

I shall now explain the details of this amendment. I made a statement to the house last May 16 in which I suggested that the difficulties of claimants were aggravated by the interposition of a seasonal benefit period between two claims for ordinary benefit. I indicated then that we might take action along the lines of disregarding seasonal benefit periods for the purpose of section 45 (2). Further study has shown, however, that we can achieve the same result by a sounder method.

We are amending section 45 (2) so that, in addition to the general requirements of the present section 45 (1), only 24 of the required 30 contribution weeks need be in the past 52 weeks; or since the beginning of the last benefit period, whichever period is longer. By amending the requalifying requirements to this extent, a substantial number of those who failed to qualify for ordinary benefit last fall will find themselves able to qualify this fall.

The minimum period of benefit, as a result of lowering the number of qualifying weeks to 24, will of course be 12 weeks rather than 15 weeks, as before. Under this formula we find that of those claimants who, according to our survey last November, had only 24 to 29 weekly contributions, and thus failed to qualify for ordinary benefit, there will be 14·5 per cent who qualify for 15 weeks of benefit; 37·4 per cent who qualify for 14 weeks of benefit; 38·8 per cent who

qualify for 13 weeks of benefit; and 15·3 per cent who qualify for 12 weeks of benefit; that is, almost 85 per cent of these workers would have benefit durations of 13 weeks or more.

This is a very closely inter-related act. In order to prevent certain anomalies arising because of this change we must also amend Section 53 (3)(b) and section 53(5). This is the section dealing with seasonal benefits. Section 53 (3)(b) is amended so that, for seasonal benefit class A, the duration would be one week for every two weekly contributions since the previous March, with a floor of 10 weeks. Unless this change is made, the present rule, which allows two weeks of benefit for every three weekly contributions, would result in an anomaly as between recipients of regular benefit and seasonal benefit.

Section 53 (5) is amended so that, for seasonal benefit class B, the duration would be based on that of the last ordinary benefit period. That is, the minimum would be 12 weeks and, since payment is limited to the period January 1 to April 15, the maximum would not exceed 16 weeks.

Since 1950 I cannot recall a single month in which the commission has not brought before me the results of serious study of this act, or of its regulations or of its administration. It is good legislation and deserves that constant review and improvement that can only be based on experience, and I promise that the review will continue.

As the minister responsible for reporting on the administration of the act to the house, I am grateful for the interest, criticisms and suggestions of members from all parts of the house which help to make it a valuable stabilizing influence within our economic life and, more important, a most important agency for serving the human needs of so many of our Canadian people.

Mrs. Fairclough: Mr. Chairman, we went over this bill in committee yesterday, as the minister said. I noticed that the minister said a few minutes ago the act was under constant review by the officials of his department. As all will agree who have had anything to do with the Unemployment Insurance Act, this is a complicated piece of legislation and its administration requires work of a very high and expert order. So the officials of the department are constantly reviewing the application of the act and the results of operations under the act.

In so far as section 29 is concerned, which is being amended by this bill to provide coverage for fishermen, there is unanimous opinion that this amendment should be made.

[Mr. Gregg.]

We are glad to see it now although we feel that maybe it has been delayed a little. The matter has been under active consideration by this house since 1950 in any event and probably before that. I took the trouble last evening to go back over some of the discussions which have taken place. While practically every hon. member of the house who has any connection at all with fishermen has had something to say on the matter at one time or another, I should like to draw particular attention to one or two statements which have been made by members of my own group.

I recall that as early as 1950 when the hon. member for Royal was speaking in the unemployment insurance debate he drew attention to the plight in which both the fishermen and farmers in his district found themselves where they were engaged chiefly in seasonal employment at various times of the year. At that time he asked that some consideration be given to the plight of these men who were out of employment for extended periods of time. We hope that the regulations which will follow the passage of this bill and the work which the department will do in investigating conditions under which these men work in various parts of the country will result in adequate coverage for them.

It is true that conditions in the fishing industry on the east coast are different from those on the west coast. In so far as my own experience is concerned, peculiarly enough I have had more to do with the west coast. I have had more opportunity to study the conditions under which those men are employed. These men are protected by collective bargaining agreements to a much greater extent than those who operate on the east coast.

The hon. member for Esquimalt-Saanich from time to time has asked for protection for the workers in his locality. I recall that he has asked for protection, not only for the fishermen themselves but for those engaged in ancillary occupations. In 1954, speaking to the proposal that there should be a committee to inquire into the conditions of employment, he referred to the fact that government regulations had been introduced which affected the employment of men engaged in the logging and fishing industries. He referred to the need of greater research to make sure that our forests were not cut down in a comparatively short space of time. He then went on to refer to the fishermen and the fact that international regulations covering the fishing industry forced the men employed in that industry to work at selected seasons of the year. The hon. member then went on to say that it seemed to him that

when the committee was considering the matter consideration should be given to measures which could be introduced to offset seasonal unemployment.

He went on to ask that regulations should be brought in to ensure that those who were not in insured employment should have recourse to the benefits of the Unemployment Insurance Act. This matter came up last year when different hon. members spoke to it, and I refer particularly to the hon. member for Saint John-Albert and the hon. member for Digby-Annapolis-Kings. I should like to refer to the remarks made last year in this house by the latter hon. member. The hon. member said, as many of us have said, that it must be admitted that there were grave difficulties in the way of including fishermen in the act but he pointed out that other countries had managed to get around those difficulties. He then went on to refer to the commission which had made a study of the industry and had reported back. He said that if that commission had found that the administrative difficulties could be overcome then the minister could submit to parliament machinery which could include this group of men within the framework of the act and overcome the difficulties which his officials had admitted could be overcome.

That was one of the striking things that came out of the consideration given to this matter by the committee last year, that while it was admitted the difficulties were grave it would be possible to overcome them. We are happy to welcome this bill which we hope will solve the problem for these men. There is one question the minister might like to answer when he replies. He has spoken of the studies which must be made by the department and has stated that commencing next year at the end of the present fiscal year they hope to be in position to start taking contributions and that benefits would then be available early in 1958. I wonder if the minister would tell us what effect the coming into force of the act on September 30 this year will have on the proposal to study the matter and commence contributions next year? Will there be any conflict between the effective date of the act and the time it is estimated will be required to make a study of the proposals with regard to fishermen?

I should like to say a few words with regard to the amendments proposed to section 45 and the other sections which require to be adjusted in conjunction therewith. Yesterday in the committee we studied some charts which some of us had seen previously which had been prepared by the department showing the effect of the amendments proposed. I must admit that the charts which were produced were very convincing. They gave a clear picture of what was expected this coming season with the amendments now being introduced. I would just like to say that, while those charts were convincing and while they set out the situation with regard to the three or four cases that were studied and were used as examples, it will, after all, be actual practice that will tell the tale. I do not suppose that even the officials of the department can predict what may happen this coming winter, because no two applicants ever have precisely the same pattern of employment; consequently, the same situation cannot be expected to obtain for even two persons, let alone the great number disqualified last year.

I was rather amused, reading in the newspapers the reports of the discussions that have taken place with regard to this act, to notice that in one newspaper at least the heading claimed that 100,000 persons would benefit under these revisions, whereas the very highest figures quoted in this house officially were that only some 90,000 had suffered by reason of the 1955 act, that a good many of these had been taken care of in one way or another by the revised interpretation.

Mr. Gregg: Some 90 per cent.

Mrs. Fairclough: Either the claims of some of the members of this house that the number was considerably in excess of 90,000 are now borne out or the number was a great deal exaggerated in so far as the present report is concerned. In any event, whatever the numbers may be, we hope that this revision or the amendment to 45 (2) will effect the desired result and that this coming winter we shall not have a recurrence of the situation with which we were faced last year.

I cannot close these remarks without reiterating once more the request I have made to the minister twice already, that there be no delay at all in reviewing the effects of these amendments when they come into force and that the slightest inclination to slide again into the rut in which we found ourselves last winter will bring immediate action on the part of the minister and his officials.

Mr. Gregg: I should like to reply, if I might, quite briefly to the special question the hon. member asked, namely, what significance the date of September 1 had upon the receiving of contributions and the paying of benefits. It has none whatsoever upon that. The reason why it was set as early as possible was that that would make it possible for us to evolve the regulations provided for under those two subheadings,

that they may be completed before the final plan is crystallized. It was felt that the sooner that could be done the better. Consequently, September 1 was chosen as the date when this would come into effect.

Mrs. Fairclough: Can we be assured that contributions will definitely be taken starting on April 1 of next year, whether or not the department has completely finalized its plans?

Mr. Gregg: We are intending to complete the plans so that contributions may begin to be received on the first day of April 1957, the beginning of the next fiscal year and, as a result of that, that benefits may be payable to those that qualify after January 1, 1958.

Mr. Barnett: As has been already stated, at various stages of the discussion on this bill, I think there is a thorough understanding that it is not a last-minute idea on the part of members of this house. I know that certain of the proposals in clause 1 of the bill to bring in coverage for the commercial fishermen will be welcomed not only by the commercial fishermen on the British Columbia coast but by those in the fresh water areas of Canada and in the Atlantic coast areas as well.

Perhaps it is one of the interesting situations in respect to our Unemployment Insurance Act that the change that this clause introduces has been brought about with a good deal less thunder on the floor of the house than has been considered necessary in respect to some other matters that we discuss here from time to time. In saying that, however, I think I should make it clear that I know—and certainly my colleague for Cape Breton South would verify—that this problem of fishermen has been of very serious concern to members such as the member for Cape Breton South ever since the first discussions on the Unemployment Insurance Act took place as far back as 1940.

However, I think it is a tribute to the attitude that has been taken by the unemployment insurance commission that, by making thorough studies of the problems, administrative and otherwise, that were involved, we are able to be discussing a clause such as the one before us today. It should be said that it has been in large part a co-operative effort between the commission, the minister and the members of the house who were particularly interested in this problem because of its existence in the areas of Canada from which they come.

I do not intend to prolong this discussion at any length, because we did give it a going over yesterday in the committee on industrial relations; but we should appreciate that clause 1 of this bill does make what to me is a rather significant change in the concept of the application of unemployment insurance as we have known it in this country up to the present time, inasmuch as for the first time it does bring in the principle of applying unemployment insurance to workers in this country who have not the employee-employer relationship in the narrow sense of that situation. I believe that that is a significant change that we should realize we are making at this time.

Much has been said about the administrative difficulties of bringing coverage to fishermen. I think the minister, as well as some of us not having administrative responsibilities, is aware of the fact that the passage of this bill is not going to eliminate all of those difficulties overnight. Some of us might be desirous of seeing this change become effective at an earlier date than next April. However, I think that those of us who understand some of the problems that the commission has been considering will be willing to suggest to fishermen who may be slightly disappointed that it is not going to come into effect tomorrow, that in the long run that may be to their benefit. I certainly hope that that will prove to be the case.

I have made special reference to this new concept which is coming into the act, because I think that out of the administrative experience that will result from the application of this provision to fishermen it will be possible in the not far distant future to extend the application of that idea to some of the other areas of activity in our country that so far have been outside the scope of unemployment insurance. I have in mind particularly, of course, the quite large group of agricultural workers in this country who are still not covered by unemployment insurance. As the minister will recall, that problem was discussed to a considerable extent in the committee last year when we were undertaking a complete review of the act. Certain changes were made with regard to the coverage regulations which nibbled at the fringes of the problem of the agricultural workers. However, it has been drawn to my attention recently that because of the gradual extension that has taken place in the coverage of working people by unemployment insurance and the fact that we have a relatively high level of employment throughout the country at the present time, quite a number of farmers are having some difficulty in securing all the agricultural help they would like, and one of the reasons given for that is that people do not want to go to work in uninsured employment.

I throw that out at this time because I feel it is a problem we should not forget and

also to indicate, of course, that in my view the Unemployment Insurance Act is not perfect yet. I hope that the minister and the commission will continue to give serious consideration to the possibility of extending coverage to workers in the agricultural field and that they will have that in the back of their minds as they gain administrative experience in the administration of the coverage of fishermen.

While I am on my feet, perhaps I might make some reference to the change being made in section 45(2). I am not going to attempt to discuss it in detail. Here again I think I can say that I am glad to see that the change being brought about in section 45(2) at this session is an indication that the commission and the minister are prepared to take a somewhat flexible attitude with respect to the Unemployment Insurance Act. I hope that attitude will continue because I think it has been made abundantly clear that it is not too easy to foresee in advance the implications of all the changes that are made in the act, and the introduction of section 45(2) into the act last year certainly had results which I think no member of the industrial relations committee last year fully foresaw and which I think the minister and the commission by their own admission have indicated that they did not expect.

Therefore, while I believe that after the discussion we had yesterday all members of the committee are convinced that the proposal being brought forward here is going to correct in large measure a weakness revealed last winter in respect of section 45(2), nevertheless we will still continue to attempt to analyse the effect of the changes that are now being made. We hope that if it should prove to be the case that some inequities still result from the changes now being made the minister will be prepared to take the initiative in introducing future changes in the legislation. I know that the thought in the back of the minds of some members of the industrial relations committee last year when we were making a complete overhaul of the Unemployment Insurance Act was, that that was going to be "it", probably for some time. I recall that the minister did give us some reason last year to believe that it might be sometime before he would be willing to open up the act again.

Mr. Gregg: I was an optimist.

Mr. Barnett: I am glad to see that was not a hard and fast approach as far as he was concerned. The present bill does make some changes in respect of the application of the seasonal benefit plan, and if it should happen that experience proves that those changes are working out to the serious disadvantage of any appreciable number of workers I hope the minister will be willing to take a second look at the situation when we come back again.

I think I have made it clear that more and more the Unemployment Insurance Act and the unemployment insurance fund are coming to be regarded as one of the greatest social assets we have in this country, something to be protected and guarded zealously by the working people of Canada and something which can be approached from the point of view of a careful analysis of the economics that are involved in it. As far as we are concerned, and I know I speak for all my colleagues when I say this, we intend to continue to press for changes in the act as we think they are required from time to time in order to make it more nearly the ideal coverage against the hazard of unemployment that it should be.

Mr. Hahn: Mr. Chairman, in speaking again on Bill No. 449, now that it is back in the house in the committee stage, may I say that we in this group are pleased indeed that the committee saw fit to accept it in its present form. The enabling legislation found in clause 1 is particularly gratifying, as I indicated in my earlier address. However, when examined it raised a question in my mind with respect to its relationship to the other amendment having to do with section 45(2) and the actuarial soundness of the plan in the future.

We must remember that this year has been the peak period of employment in this country. I am satisfied that the fishermen desire immediate inclusion under the terms of the act. Those of us who were members of the industrial relations committee realize that this is not a simple problem and that it is going to take some study before they can be included if the fund is not going to be affected to the detriment of those in the country as a whole who may desire unemployment insurance. However, I should not like to see the government use the excuse that it is hard to work out the details as a reason for procrastination in putting into effect the terms of the legislation and including fishermen at an early date.

In discussing the bill, and having regard to the actuarial soundness of the fund, we found that last year, which was, as I said earlier, the peak period of employment in the country, the actual unemployment insurance fund as such would have been some $13 million in the red except for some very sound investments made under the fund itself which resulted in a revenue of $25 million and the fund therefore showing a profit of $12 million. If we were to have a depressed period

in our economy such as we had in 1954 and having in mind the fact that fishermen are now to be included and that the broadening of section 45(2), it is estimated, may cost as much as $9 million, then on the basis of last year's figures the fact that this is a much improved piece of legislation over what we had even in the old act before 1955 will mean an additional demand on the fund of $9 million. In other words, while the fund this year showed a surplus of some $9 million because of the peak period of employment in the country, the addition of another $9 million charges that the fishermen put on it and $9 million through the implementation of the proposed revision of section 45(2) makes me rather dubious as to the soundness of the fund at the present time. That matter gives me the greatest concern at this time. I do not wish to take up any more time of the committee at this stage. I wanted to draw that matter to their attention because my feeling is—and I think industrialists and employees alike must realize it—that it may mean a revision upwards of the contributions, and it may also mean a later revision of the act, as I say, so as not to include such a large scope under its benefits.

As was indicated by the hon. member for Comox-Alberni, we need unemployment insurance in this country in order to keep our economy buoyant. In order to have that unemployment insurance, we must keep our fund solvent at all times. I would urge the government to be extremely careful in implementing this new piece of legislation.

Mr. Nowlan: Mr. Chairman, on clause 1 I should like to refer to this important amendment which now includes the fishing industry. As the hon. member for Hamilton West has said, this step has been advocated for years in this house. We have always realized, of course, that there were in the way grave administrative problems which would have to be solved. Undoubtedly at least some of those solutions still lie ahead of us. I happened to turn back the pages in *Hansard* this morning and glance at the debates in 1952 when the then hon. member for St. John's East raised this matter and was discussing it with the minister. At that time the minister, as reported at page 1164 of *Hansard* of 1952, said this:

> The nature of the industry, which is highly seasonal, makes it very difficult under present procedures and conditions to apply unemployment insurance even to the wage earners.

He had pointed out at that time that only 7 per cent of the total labour force, according to the latest statistics at that time, were actually wage earners. Others were masters and owners, sharesmen and lone workers. Then the minister went on to say this:

[Mr. Hahn.]

> As my hon. friend knows, the difficulties which I have outlined apply with special emphasis to the Atlantic coast fishing industry.

There is no doubt that on the east coast there is a problem which is going to require a great deal of patience and a great deal of forethought to overcome and in order to have this matter work out equitably and well. Nevertheless, as I pointed out a year ago when speaking on this matter, the United States, although at first dubious about it, finally brought in unemployment insurance for fishermen and it has apparently worked reasonably well. In Britain, where they refused to do it for many years, it was brought in almost ten years ago and it has worked there, as well as in some European nations such as, I believe, Holland and Norway. Hence, given good will and co-operation on both sides—and when I say "both sides" I mean the administration on the one end and the industry on the other—there should not be too much trouble in solving this problem.

I think the situation which arises is perhaps necessary but rather unfortunate; but since this matter is now to the fore we must face it. The minister told us this morning that the contributions will start next April, I think it is, and that the benefits will be payable at the beginning of January, 1958. It is quite a long while to wait. In other words, seven or eight years will have expired from the time this matter was first raised in the house. I recall that Gordon Higgins, the then hon. member for St. John's East, raised this matter and discussed it even before the reference to it which I made a little while ago. Hence it has been a subject of discussion for at least six years now. Another two years will elapse before it finally comes into effect. But it is something which, I understand, will be of incalculable benefit to the fishing industry. It is something which is badly needed.

I want to commend the minister and the officials of his department who have given this matter a great deal of study and have listened to the representations which have been made in this house. We are at least embarking now on a road which, although there are going to be a good many hills, some ditches and probably a few boulders to surmount, will in the end, I think, straighten out and provide a method of assistance to the industry which will contribute to the economy of Canada as a whole.

Mr. Gregg: Mr. Chairman, I should just like to interject a word or two at this point in the discussion. I think it would be only fair to say that members supporting this government, either in the house or outside

the house or both, have also pressed that a plan such as this be made possible.

Mr. Gillis: Mr. Chairman, I have no desire to prolong the discussion on this matter. The hon. member for Comox-Alberni said practically everything that I would say and there is no need of repeating it. However, I should like to say this with respect to the question of fishermen being brought under the act. When the act was set up in 1940 I was a member of the house. A committee of this house worked that act over for some considerable time. At that time a proposal was made as to the advisability of bringing fishermen under the act. Having had no experience with unemployment insurance in the country most of the members of the house at that time, including that committee, were reluctant to try to include fishermen until such time as the commission had been set up, had functioned and, as a result of that experience, it could be determined whether it was practical or otherwise to bring the fishermen in.

Up until the last few years most of us were doubtful whether fishermen could be included. Of course there would be no difficulty where the trawlers are operating and are marketing their fish at fish plants. That is something that is relatively simple. But there is a large group of fishermen who are self-employed; and it is going to take a little bit of manoeuvring and study to set up the mechanics that are necessary in order to include them. But with the experience the commission has now had and with the field workers they have plus the officials of the Department of Fisheries—the minister has many inspectors and others in the field who can greatly assist—I am reasonably sure that the unemployment insurance commission can set up the necessary machinery. I also think the amendment to section 45 (2) is going to bring considerable relief with respect to the problem we had last winter, but I am not going to go into that matter now. I merely wanted to identify myself with my colleague, the hon. member for Comox-Alberni, and indicate support for the remarks that he made. I think he dealt with the matter very well and that there is no need of my taking up any more time of the committee.

Mr. Carter: Mr. Chairman, my views on this legislation are well known. I see no reason why I should take up the time of the committee at this time in repeating what I have already said previously on numerous occasions. On behalf of my constituents and of the fishermen of my province generally I merely wish to take this opportunity to express to the Minister of Labour and to his colleagues my appreciation for bringing in this legislation at this time.

Mr. Hees: Mr. Chariman, like other members of the house, I am glad to see this legislation come forward because it has been obvious for a long time that the fishermen should be included in the unemployment insurance program. Fishermen are faced with the same problems as those which are faced by other members of the working force when, through no fault of their own, they are unable to work and to provide for their families. As the hon. member for Hamilton West said this morning, the members of our party, along with other members of the house, have pressed for a number of years that this legislation should be brought forward, and we are glad to see that it has finally appeared. Fishermen play a very important part in, and make a great contribution to, our national economy and they should be allowed to contribute to and benefit from our unemployment insurance program like the other members of the working force. I regret that it will not be until January 1, 1958 that they can begin receiving benefits. However, I am glad to see the legislation coming forward, and I believe it is a good measure.

Mr. Bell: I wonder if I might interject a word here to the effect that this change in the contribution weeks from 30 to 24, while it is a step in the right direction, will not completely solve the problem of the dock workers at Saint John and to a slightly less degree in Halifax. We have received many representations and we know the seasonal difficulties which they face. We know, Mr. Chairman, that it is almost impossible for them, in view of the length of the season on the St. Lawrence now, to get in much more than 20 weeks. I say that this will help some of them, and it is a step that will relieve the situation for part of the group that found themselves in difficulty under the act when it was changed. I simply put that reservation forward and say that we will have to watch their problem. They do not qualify under the seasonal benefits because of the length of their season during the year. They are under the divisor system at present, by their own choosing, but it also has shown more disparity under the new act than formerly.

We must continue to examine the qualifying period and also the rates of benefit for this important group of workers in our maritime economy. We appreciate the new legislation that will eventually bring in the fishermen to insurance benefits. They are going through a transitional period now, and as part-time workers are trying to build up their interest in this industry. It will be of assistance, as has been mentioned. I do not go along with the worries that have been

expressed by the hon. member for New Westminster. I feel that the problem he has suggested is one that is more for the actuaries.

Mr. McIvor: I would suggest now that a fishing trip be provided to Newfoundland for the minister by the hon. member who has just spoken.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time; now?

Mr. Gregg moved the third reading of the bill.

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

SUPPLY

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Immigration branch—

65. Administration of the Immigration Act, $950,650.

Mr. Patterson: Last evening at the adjournment I was just beginning to make a few observations with respect to the immigration laws as they affect Canadian citizens of East Indian origin. I had also indicated that I was speaking not only on my own behalf but on behalf of the other members of this group from British Columbia. We discussed these various matters, and we are in agreement.

I feel that Canadian citizens of East Indian origin should receive consideration by the minister and his department. We have a number of them, of course, in British Columbia. The great majority of them live in the lower mainland area and over on Vancouver island. These people are British citizens because they come from nations that belong to the British commonwealth of nations. They feel, and I believe they are justified in feeling this way, that they have been discriminated against so far as immigration requirements are concerned. I have had the privilege of getting to know a number of these people. I believe I can safely say that they are very industrious and law-abiding. In addition to that, considerable numbers of them become employers, and I feel that should be taken into consideration by the minister. They set up business, such as sawmills and other industries, and employ a considerable number of workmen. I believe that in this way they make a very valuable contribution to the various communities in which they are located.

As we read the immigration Act and consider the regulations approved by order in council P.C. 1956/785 of May 24, 1956, we find that this discrimination is pointed out in a very graphic manner. Immigrants who have come from the various South American countries and also from Israel, Egypt, Lebanon and Turkey as well as some other peoples, are granted privileges that far exceed the privileges granted the citizens of East Indian origin. In addition, we find that the privileges that are granted to these people when they become residents of the country are not afforded the people of East Indian origin until they have become citizens of the country which follows after the five-year residence qualification is fulfilled. I believe that this is another regulation which should be considered, and some amendment introduced to take care of that discrimination.

I do not propose, Mr. Chairman, to deal at any further length with this particular subject, except to place on record a telegram which I just received this morning. It is signed by Kuldeep Singh Bains, the secretary of the East Indian-Canadian welfare association. This gentleman and two others came here just a short time ago as a delegation to present the views of the East Indian people. The telegram is as follows:

> Further to our representation on July 12, 1956 re immigration regulations as they affect Canadian citizens of east Indian origin.
>
> We respectfully request you to urge the Minister of Citizenship and Immigration, the hon. J. W. Pickersgill, to allow entry into Canada of the close relatives of Canadian citizens of East Indian origin on the same basis and the same classes of people as from Europe, Middle East and Latin-America. We shall appreciate you taking up this matter during the present debate in commons on immigration estimates.

I do not think anything further needs to be said on this matter. The minister is aware of the problems and he is aware of the representations that have been made. This morning, I just want to place myself on record in this connection. I believe he is also aware of the support that we in this group are giving to their requests.

Mr. Philpott: Mr. Chairman, I assure you I am not going to delay unduly the committee, but I want to put on record a few thoughts on what seems to be a very important subject, namely, that which has been referred to already by the hon. gentleman who has just taken his seat and by the hon. member for Vancouver East.

First, may I say that I take direct issue with the hon. member for Kamloops in his

reference to the minister's handling of individual cases. I do not know whether many members handle more immigration cases than I do myself. I certainly hope not, because if they all have as many as I have the minister must have a great many headaches indeed. I just want to say this for what it is worth. In all the cases that I have taken up with him he has shown an infinite capacity for taking pains; he never lets the letter of the law stand in the way of the humanitarian interest, and I find him guided indeed by that in which the hon. member for Kamloops said he was lacking, namely, the milk of human kindness. I have a letter on my desk this morning about the reunion of one particular family whose names I will not mention, but that one letter alone would repay, I think, in great measure the pains the minister took to get this particular case settled satisfactorily.

Second, I want to say that, in view of the fact that I do have a good many immigration cases, and indeed I had them before I was a member of this house, I think the minister deserves credit for the great improvement in the new regulations which were published on May 24 of this year. They are very much clearer and simpler and they go right to the heart and cut through many of the worst difficulties which we had.

As I see it, as far as we in British Columbia are concerned, the most general grievance we get is that immigration from Asian Countries is not treated on the same basis as immigration from other countries. I think it is a very big and very complicated subject. I know also, in regard to Chinese immigration, we have that genial gentleman, Mr. Foon Sien, coming down here from Vancouver every year and putting up a very good case for the Chinese community of Canada. We know that matter is being very well handled and also, Mr. Chairman, if we examine the number of immigrants who come in we see that there is no real cause for complaint. On the general level the numbers who are actually coming in are very much higher than they were for many years.

I want to say just a few words in regard to the East Indian, and on this I am speaking, I think, for all of my Liberal colleagues from British Columbia. We have thought of this a great deal over many years; we have followed the different delegations that have been down. The one that was here this year, which I had the honour to accompany when it visited the minister, I thought was of the highest calibre of any delegation from British Columbia that has yet come from that particular community. So that we may clearly understand the problem, may I say the East Indian community is comprised of about 2,000 men, women and children, most of whom have been in this country for a great many years. Incidentally, it is worth noting that over the years, whereas all the other communities we can think of, the Chinese community, the Ukrainian community, the German community, or any of the others that we can think of in terms of racial groups, have by and large increased, this is not true of the East Indian community because, by and large, they have just barely been able to hold their own. The number that has gone out has more than balanced the number that has come in and the natural increase.

I will not go into old unhappy history, and there were some very unhappy moments, as many of us will recall, particularly in 1914 when there was a very sensational, a very explosive episode, when someone tried to get in a whole shipload of East Indian immigrants at one particular time. Some members in this house will recall the agitation which almost led to steps to prevent that, but that is old, unhappy history, which could be and should be forgotten. I think it is fair to say—and I think the members of parliament of all four political parties representing British Columbia constituencies will bear me out when I say this—there is no community, there is no racial group of any kind, that has a better record for obedience to the law and for general unostentatious good citizenship than the East Indian group. You hardly ever hear of an East Indian being on relief. I admit you sometimes do hear of their being up in police court for driving their trucks too fast. That seems to be their most ostentatious bad habit. They are a family people. The vast majority of them are engaged in the woodworking business. Since they are a family people they place the newcomers according to a family basis.

I am sorry that the hon. member for Vancouver East is not in the house at the moment because, while I agree substantially with what he said about the treaty being too restrictive, I think perhaps he overlooks the fact—and I helped to get the treaty, by the way, because I had worked with the East Indians for many years, long before I became a member of parliament—that the treaty itself is a great forward step, and was hailed as a great forward step by the whole East Indian community of British Columbia as well as, of course, the government of India, because it gave the Indians what they had never had before, namely, at least some guaranteed right for a certain limited number of entries into Canada. But, in my opinion —and I am quite convinced that it is the opinion of a substantial majority of the

members of parliament of all parties from British Columbia—the treaty as it now stands is too restrictive. The quota number from India is only 150 a year. That is too restrictive. If we take actual figures, Mr. Chairman, we will see that over the years they have not even got in the quota. Here again the minister deserves a great tribute for his personal attention to this particular problem. We did manage to clean up the great backlog of complicated cases of people who have been held up for a good many years that the minister did allow in more or less to wipe the slate clean. But we do find every year, when it comes to examining those who are going to come in under the 150 quota, there are just not enough places to go around and so it always ends in very keen and bitter disappointment to some of the East Indian community in British Columbia.

What I want to submit, Mr. Chairman, is this. I am not going to repeat anything about the brief; the minister knows all about it, and all the members from British Columbia know all about it because we have all read it, and I think all the members, without exception, gave letters of support to the East Indians from British Columbia. Certainly, if they did not give them direct support they did give moral support. I urge the minister to give earnest consideration to the relaxation of the general regulations in regard to immigration from India of those people of Sikh origin. Of course, everybody knows, or most people from British Columbia know, that all of our immigration from India is of Sikh religion. They all come from that one part of India; they all believe in one god. They are not idol worshippers. As a matter of fact, if we were to go far enough back we would find that they are of the same racial stock as we ourselves, if anyone is interested in that, although personally I am not.

I do believe that the general effect of the regulation is to make it too restrictive on immigration from India. I believe public opinion, in British Columbia particularly, would support a considerable relaxation in the quota provisions, if we have such a thing or whether or not we have a treaty. Personally I do not think a treaty is necessary. I think the treaty has outlived its usefulness. But whether or not we continue the treaty I do think we could easily absorb at least double the number of immigrants from East India that we have been absorbing, and perhaps even three times as many. I am sure we could do that without creating any problem of racial antagonism or unemployment or relief.

[Mr. Philpott.]

Mr. Green: Mr. Chairman, on behalf of the Conservative members from British Columbia I should like to also urge upon the minister that he reconsider the provisions with regard to immigration from India. One significant fact is that India is a sister nation in the commonwealth and I think that should be borne in mind at all times.

Probably many hon. members of the house had the interesting privilege of interviewing the members of the delegation which was here last month representing the East Indian Canadian citizens welfare association. The three delegates were Tara Singh Bains, Narantan Singh Grewall and Rajindi Singh Mayo. All of these men are leaders in their communities. I had not been acquainted before with Tara Singh Bains but I had known or known of the other two.

Mr. Grewall came to Canada in 1926 and has established a substantial lumber business in the Fraser Valley. He has served on the municipal council of the area in which he resides and I believe is to be a candidate in the next provincial election. He has been an outstanding citizen. Just last year he built a school in his home village in India and he and his wife went there to attend the official opening which was done by Mr. Williams of the Canadian high commissioner's office in New Delhi. This year Mrs. Grewall is building a health centre adjacent to the school. This promotion of good feeling between Canada and India merits the highest praise.

Mr. Rajindi Singh Mayo is also an extremely interesting man. His father came here as an immigrant many years ago and established a large lumbering industry on Vancouver island. The father died within the last year or two and this young man who is in his early twenties is now the head of this business. If you please, he pilots his own private plane when he comes east, which he does on frequent occasions. I understand that his fellow representatives did not fly east with him, but he flew his own plane to come here to interview members of parliament.

These facts will give hon. members some idea of the type of citizens who are asking for reconsideration of the present provisions. They are particularly upset by the fact that people from Egypt, of which we have heard in the last few weeks, Lebanon, Turkey and the countries of Central and South America are in a preferred position. They appear to have more right to bring in their relatives than these people from a sister nation of the

commonwealth. I do not think that is a proper situation. In the last paragraph of their brief they say:

> Alternatively, we submit that as Canadian citizens the very least that we should ask for is that we should be treated no worse than Latin Americans and Levantines, and that we should be given the same rights that they are given as to bringing in relatives. We ask that regulation 21 be widened to let in relatives of Canadian citizens of East Indian origin, to the same extent as regulation 20 (c) admits Latin American and Levantine relatives.

I submit that that request is a reasonable one and I hope the minister can assure the committee today that there will be some change made in favour of these people who have proved themselves to be such worthy citizens of Canada.

Mr. Cameron (Nanaimo): Mr. Chairman, I feel I must say a few words on this because it so happens that there are more East Indians in my constituency than in any constituency in Canada. I may say also that at one time I worked for the father of the young man to whom the hon. member for Vancouver-Quadra has referred. I might say that it was almost impossible to quit his employment because when any of his employees did quit he would come up from Victoria to find what in the world was wrong that had caused one of his men to leave his employ. There cannot be any doubt about the justice of their claim for freer admission to Canada. I think that has been proved quite fully.

There is another angle to this matter which I think we should consider. In our immigration policy we are of necessity dealing very closely with our relationships with other parts of the world. I submit that at this time it is essential that the relationships between the people of North America and of Asia should be strengthened in every possible way. I can think of nothing that would tend more to consolidate friendly feelings between our own part of the world and the new states of Asia than a more generous immigration policy for people from the new countries which have arisen in Asia during the last few years.

I think we should also consider this matter along these lines. While all of us of this generation pride ourselves on being free of racial prejudice, nevertheless all of us are more or less conscious of the great differences between the different families of the human race. But I think that state of mind is vanishing under the impact of modern ideas. In my own lifetime I have observed a tremendous change in the attitude of people toward those of other races. It may well be that within a few years the apprehension which is now quite widespread among the people of our particular branch of the human family about an influx of people from other branches of the human family will appear to our grandchildren to have been rather fantastic and medieval. I do not think we should be a bit frightened about having people of other racial origins joining our national community.

For one thing I do not think there is going to be any tremendous influx. But I do think it would be of great importance to strengthen all commonwealth ties, and I think it would reduce the frictions felt by a section of the human family which has been exploited for many centuries if we were to adopt steps such as have been urged today.

Before I sit down I want to say another word with regard to immigration policy that I think is quite important. It seems to me that the minister has two jobs: one to encourage people to come to Canada and the other to keep certain people out. I have been wondering of late whether we are not spending too much time, too much energy and too much money on the latter function, to the detriment perhaps of the former function.

I have spoken to the minister about this matter on more than one occasion and suggested to him that, for instance, the elaborate steps that are taken to make sure that no subversive elements from eastern Europe reach our shores are ridiculous on two scores. The first score is that under the present regulations, people coming from eastern Europe and communist-dominated countries must manage somehow or other to get into western Europe and live there for two years before they can apply to come to Canada. As I have suggested to the minister on more than one occasion, a determined subversive element from a communist country who had been assigned the task of subverting our democratic way of life in Canada would think nothing whatever of that two years probationary period in western Europe in order to qualify to enter Canada.

Mr. Pickersgill: I wonder whether the hon. gentleman does not think that these remarks would be more appropriate on the estimates of my hon. friend the Minister of Justice.

Mr. Cameron (Nanaimo): No, I do not think so, because these are matters of the regulations of the minister's department. Admittedly the minister calls on the Department of Justice, I believe, to aid him in this particular function, but it is primarily his function.

Then, as I have also suggested to the minister, I think it is quite naive of us to suggest that if a communist organization is going to send a spy or a subversive character who is going to upset our whole society he will come in here as an obvious resident of eastern Europe speaking with a strong foreign accent. In fact, as I suggested to the minister

once, he is far more likely to come here with the very best social credentials and perhaps be a guest out at Rideau Hall. This is the kind of people that might be our most dangerous enemies. I think there is almost too much stress laid on the idea of attempting to screen people in regard to their ability to subvert our way of life, and I should like to see the minister be a little less careful in that regard and a little more careful in regard to the use of our immigration policy to enhance the friendly relations that we have with other parts of the world.

Mr. Fulton: On the subject of immigration to Canada of relatives of East Indians who are Canadian citizens, I think that all the general principles applicable have been discussed and I shall not repeat them beyond indicating my support for what has been said. But I should like to ask the minister to deal, when he replies, with one problem which concerns us now and possibly will still be a problem even if the quota is relaxed or a more generous policy of admission is adopted. Under the present arrangment, of the number allowed to come in here from India, so many are assigned to the applications originating within India and so many to applications by Canadian citizens in Canada for the admission of their relatives from India. I have had two or three of them outstanding for, I am sure, three or four years. In discussions with the minister's officials, when I have been doing everything I can to put as much pressure as I can, I admit, to get these applications favourably considered, I have always had courteous treatment from the officials but unfortunately entirely negative results in the ones I now have in mind.

Mr. Pickersgill: That has not always been true.

Mr. Fulton: I say "in the ones I now have in mind." I have not had a uniformly negative result, but there are two or three that have stuck over the last few years. Although these are admissible on all other grounds there is just no room on the quota. If I understand the information correctly, and, as pointed out by the hon. member for Vancouver South, there is room on the other branch of the quota, that is to say, the number assigned to applications originating in India, this, of course, creates great misunderstanding.

Mr. Pickersgill: That has not been true in the past two years. The whole quota has been taken up in the past two years. It was true earlier.

[Mr. Cameron (Nanaimo).]

Mr. Fulton: I must have misunderstood the information. I thought it was still the situation. If the quota is to be enlarged or if the restrictions are to be relaxed, could the minister say what will be done to avoid that situation and also to avoid, where possible, the other bitterness that arises where these East Indians in Canada will come to their member and say, "I had my application for the admission of my nephew on file long before an application for another relative who I know has been admitted, and I have not yet had mine in"? I appreciate that it is difficult to work out a consecutive numerical priority because there are other factors that must be considered. All I shall say, therefore, is that the present situation gives rise to a great deal of dissatisfaction because a man is bound to be upset when, in discussing with a friend the admission of their relatives, he finds out that the other has had somebody admitted and the application was not submitted for some particular time after that for his own relative. I would appreciate it if the minister would say a word on those two aspects of the matter.

Mr. Herridge: It is one minute before one o'clock, and I can say all I have to say in that time. I merely rise to express my support for the representations made by members of this group and other members of the house on behalf of the East Indians of British Columbia and the Canadians of Chinese origin. I trust that the minister will respond favourably to the representations made by the organizations that represent these people, to the briefs they have presented and to the pleadings of the members of this house. Surely, when we can admit, by order in council, persons who have been war criminals and traitors to France and persons with criminal records from other countries, we should be able to admit the relatives of these very decent Canadians.

Mr. Pickersgill: In view of the fact that we were cut off rather sharply last evening, I should be delighted if hon. members would give me the indulgence to reply on these two subjects now. It would not take me very long, and perhaps my heart would be more touched now than it would be after the appeals that have been made grow cold, and perhaps on an empty stomach I would do it better than on a full one.

Some hon. Members: Go ahead.

Mr. Pickersgill: I shall deal with the East Indian subject first. I also received the delegation, and indeed I suggested to them—I do not know whether this is parliamentary or whether it is proper for me to say so—that

they go and see all the members from British Columbia and that they encourage them to express their views in this house because, as I said, I thought it would be far easier to deal with the problem if the government was satisfied that public opinion from British Columbia, as represented in this house, was more or less agreed about this subject.

I have seen copies of the letters that hon. members wrote to this delegation and I have also heard what was said today. It appears to me that the sentiment in British Columbia about immigration from Asia today is very different from what it was ten years ago. But we must not forget—and I say this in defence of the government and my department—some of the events that did take place ten or 12 years ago. I have even looked back at some of the things that were said by the hon. member for Vancouver-Quadra when he was the member for Vancouver South in 1938. I shall not embarrass him by bringing them up at this time, but they were of a very different tenor from what he said today.

Mr. Green: They were dealing with a different race.

Mr. Pickersgill: I do not say he was not as representative then of public opinion as he is representative now. The only point I am trying to make, and I am trying to make it in as non-controversial a way as I can, is that these fashions do change and they are capable of changing again. I have always tried—I think hon. members will give me credit for this; indeed some of them think I am too frank—to be completely honest in expressing my views to these delegations I have received. I said to this East Indian delegation that came to see me the other day that one of the reasons why they have this favourable public opinion at the present time is that they have become good Canadian citizens and are accepted in the community. I said to them: "Now, let us be completely honest about this and recognize that one of the reasons that situation exists is that your numbers are comparatively small".

I think it is quite apparent from the experiences of other countries that we are not going to contribute anything to the welfare of these people or to the welfare of this country if we admit newcomers of any group in such numbers as to create problems, tensions and strains in this country that it would be desirable not to have.

Having said that, I want to be somewhat more encouraging. I have been quite disturbed by the fact that, although we have no adequate security tests in China—and I think there is something to be said for security screening despite what the hon. member for Nanaimo has said—we have admitted far more immigrants from China than we have from India. I do not think that is reasonable and I do not think it is right. I think perhaps there should be some more because these applications are geared to the number of Canadian citizens here. Speaking generally, my view is that there can be discrimination in immigration but once you let people into this country there should be no discrimination inside the country. I think that is what is really important.

If selective immigration means anything it means you are discriminating between one person and another and between one country and another, and we are going to go on doing that no matter what government is in office, even if the friends of the hon. gentleman from Nanaimo should get into office. I read the part of their new platform relating to immigration which suggested to me that they are no longer even Liberals in a hurry but that on the subject of immigration they are perhaps slower than any of the rest of us.

Mr. Knight: You had better stick to the subject if you want to eat.

Mr. Pickersgill: I will try to get back to the subject but there are so many bypaths that it is so interesting to tread. To get back to the subject, I am not impressed, though I understand why the East Indian delegation is impressed, by their objections to East Indians being in category (d) rather than in category (c) of the regulations of May 24. The reason I am not impressed is that these regulations confer no rights of any kind upon anybody. All they do is to indicate the categories of persons whose applications are considered by the department.

The fact that one of these people applies means nothing except that the application will be processed and if that person can satisfy all the requirements of the Immigration Act he will be admitted. I admit it does look on the face of it—and I am going to deal first with Egypt, Israel, Lebanon and Turkey—as though there were discrimination in favour of people from those countries compared with people from India until you stop to think that all these are are just criteria for admission. There are virtually no Egyptians in this country and the applications we do receive from Egypt are almost entirely from people who are not Egyptians but people who happen to be living there and who are English or French or in many cases Armenian in origin. In some cases, of course, they are Jews, people whose life in Egypt is more difficult than it has

been at other times. The reason we put Egypt in this category was solely to avoid having to ask for quite a considerable number of orders in council in these cases.

The same thing applies to Turkey. There are practically no Turks in this country and there is no desire on the part of Turks to come here. But there are Armenians and other communities in Turkey where the people have relatives in this country, and it is just for administrative convenience that these two countries are in this category.

That is not quite true of Israel or Lebanon. In the case of Israel I think I have said several times—I know the hon. member for Cartier understands this very well—that Israel is a country of immigration and the government of Israel is very anxious to keep able-bodied people in that country, and I doubt if there are many members of the house who do not sympathize with their desire, particularly at this time. We do everything we can to discourage applications from these people. However, there are special circumstances, quite often circumstances of a humanitarian character, and it is more convenient again not to have to ask for orders in council. That is the only reason. I do not think it would matter very much to these three countries and Lebanon too if they were in category (d).

In the case of Lebanon, it is true we have quite a considerable number of Lebanese in this country. There are no large colonies but they are scattered over the country. We have a person of Lebanese origin in the Senate. In many ways Lebanon is almost more a European country than it is an Asiatic country but again immigration is very small. According to my recollection, it is much smaller than the number of Indians who come, taking one year with another. I have not checked the figures this morning.

So far as the South American and Central American countries are concerned, the same thing is even truer. These countries are also countries of immigration and the local inhabitants very rarely come here as immigrants. But there are a certain number of refugees who have gone to South America at one time or another, particularly since the war, and who have relatives here. We could not take them right after the war because of shipping and other difficulties. Some of these people want to come here. We could easily strike all these countries out and deal with applicants by order in council, but it is a little more cumbersome. However, in any case no rights are conferred. It is just a matter of administrative convenience.

Having made this explanation, I hoped that would satisfy the East Indians that there was no intention to discriminate in these matters in the sense of saying that some people are better than others. It is just an administrative device. I think it would be far better to increase the Indian quota than it would be to change the category. I discussed this matter with my colleagues this morning and I am authorized to say that it is the intention of the government immediately to get in touch with the government of India with a view to increasing the quota.

The reason I say I think it is better to increase the quota is that under the quota the East Indians, as I have explained to them two or three times, really have two chances to come in. The really close relatives come in like other people from Asia and certain other parts of the world as close relatives and they are not counted in the quota. In addition, they have the opportunity to apply under the quota and I feel that the quota should be large enough that most of the really deserving cases can be included in the quota every year without excluding other immigrants who have not got relatives in Canada.

India, Pakistan and Ceylon are the only three countries in Asia with which we have these agreements. In that sense they are preferred over other countries. But I think this business of preference or anything of that sort appears in a different light once it is understood that this business is not a question of rights but is merely a question of administrative convenience. These categories never were in the regulations before. As a result of certain difficulties we encountered in administering the law under the old regulations it was felt desirable to put them in. My friend the hon. member for Vancouver South made representations to me to the effect that, if we could make our regulations comprehensible, it would be a good thing. I had my doubts about it and I am not sure that my doubts were not justified.

Mr. Fulton: You mean you would rather have them incomprehensible?

Mr. Pickersgill: No. I personally would not rather have them incomprehensible but I was afraid that the moment they were made too comprehensible we would have exactly this kind of academic argument. As I said, I am a pragmatist. The hon. member for Kamloops and I had a difference on the same point yesterday. I believe in dealing with specific problems without enunciating broad general principles. I think perhaps the hon. member for Vancouver South and I would not quite agree on that point either. I think the most important thing is to see

that substantially all the deserving cases are dealt with and that the mechanics of dealing with them are much less important. I hope it may be possible to work out something that will accomplish that end.

Some hon. Members: Carried.

Mr. Fulton: It is a quarter past one. I am hungry.

Mr. Pickersgill: I should have liked to say something about the Chinese too.

Mr. Fulton: Do it after lunch.

An hon. Member: Do it on the item.

Mr. Pickersgill: I could do it right after lunch, if hon. gentlemen are getting too hungry for me to do it now.

Some hon. Members: Carried.

It being fifteen minutes after one o'clock, the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pickersgill: I hate to hold up my own estimates, but I think I had better finish what I was saying when hon. gentlemen got so hungry at 1.15 they felt I should not continue.

I want now to say a word about Chinese immigration. As hon. members are well aware, there was practically no Chinese immigration from the time of the passing of the Chinese Immigration Act in 1923 until its repeal on May 14, 1947. Since that time the regulations respecting immigration from China have been the same as those respecting other countries in Asia. This was true until May 24 of this year when we took out of the regulations all references to persons of Asian racial origin, and geographical areas and actual countries were substituted in the regulations. This removed one anomaly which I must say troubled me a great deal. It was not a very important thing, but it was a source of annoyance to a certain number of people. For instance, persons of east Indian and Chinese origin who were living, say in Trinidad, found it more difficult to get into Canada than persons of other origins in Trinidad and that did seem rather absurd, especially if the family had been there for several generations. That is no longer true.

From 1946 to 1955, including both years, there have been 14,104 Chinese immigrants landed in Canada which I think most hon. members will agree is a considerable number in 10 years. Now, from May 14, 1947 to December 18, 1950 the upper age limits of these Chinese immigrants who were children of Canadian citizens was 18, and on December 28, 1950 it was raised to 21. Then, on June 28, 1951, my predecessor, the Minister of Finance, made a special concession whereby, in compassionate circumstances, he recommended to the governor in council that the governor in council should admit unmarried children of over 21 and under 25. This concession, though it was never part of the regulations and never part of the law, was continued until I announced in the estimates committee last year on March 10 that I did not propose to make any more such recommendations. I gave the reasons at that time, and I do not think there is any need to repeat them now. This was meant to cover a special situation and that special situation has I think really disappeared. Indeed, there has been very little protest about this change.

On the same day, I did indicate that special consideration would be given to applications for parents where the father was over 65 or the mother over 60. This has been formally incorporated into the regulations as of May 24, 1956. I may say that, though the numbers who have come have not been very large, this change was greatly appreciated, according to the information that has come to me, by the Chinese Canadian community. I think it is something that would commend itself to all hon. members, and I am glad to say that it is now part of the law.

Yesterday the hon. member for Vancouver East spoke about some of the difficulties he had had in some of his cases. I want to say at the outset that I very much appreciate the kind references with which he began his indictment of my administration. I may say there is no member on either side of the house with whom I find it pleasanter to deal than the hon. member for Vancouver East. I think you may describe us as a mutual admiration society most of the time, but we do have our differences. I want to speak about those points he raised. I must say I was just a little bit hurt—I would not have been if it had been anyone else—when the hon. gentleman said there was too much red tape in my department. I do not think anybody has done more to cut red tape than I, at any rate, have tried to do since I have been minister, particularly when I have been approached as seductively as I always am by the hon. gentleman.

The hon. gentleman did mention some sad cases where he had not been able to melt my heart or the hearts of the officials, and he raised some question as to whether I was a father. I did my best to give a demonstration of that in the gallery this morning and

I was very disappointed the hon. gentleman was not here to see it. My views on that subject are pretty well known. I want to explain quite seriously to hon. members why we did establish this rule to which the hon. gentleman took exception, that both parents must come into the country if the children are to be admitted. I do not say it was true of the great majority of Chinese Canadians, but it was true of a minority, that they found it more convenient to keep their wives in China, bring up their children in China until they had reached an advanced age, and then apply for them to come here. I do not think that is what we want to have happen in this country. We want immigrants to come here as families and bring up their children in this country from the earliest age possible, so that, when they grow up, they will really be Canadians. It is for that reason this rule was made. It was made of general application because there was a considerable number of cases where, in our experience, we found there was no desire to apply for the wife, often no desire to apply for the daughters, but only for the sons. It is not true that we insist that any of the children come with the mother. The wife can be applied for alone and the children can come subsequently in any order as long as they are admissible.

Mr. McIvor: May I ask the hon. gentleman a question?

Mr. Pickersgill: Yes.

Mr. McIvor: If the father is living in Canada and the mother has passed away, will the children come then?

Mr. Pickersgill: Oh yes, we do not insist on the resurrection of the mother.

Mr. Fulton: Some of the conditions you impose are almost as difficult.

Mr. Pickersgill: The hon. member for Vancouver East did refer to a number of sad cases. I admit that there are some cases which, on the face of them, look very difficult. There is one thing about which I should like to remind the committee, and that is that we can only have so many people in our office in Hong Kong. We have to send highly trained people there if they are to do the work at all efficiently. The working conditions are frightful and the amount of work, the pressures and difficulties are much greater than in any other immigration office anywhere in the world. Every time we spend two or three days of the time of the officers in Hong Kong dealing with one of these hard cases, we are holding up 10 or 12 applications of equally worthy people who, in most cases, would be readily admissible. That is the real explanation as to why we often appear to be hard hearted; because we do know from our experience in the administration that every time we have to take infinite pains with one of these difficult cases about which we have genuine doubts we are holding up the other work of the office in Hong Kong.

One might ask why we bother to take these pains. The hon. member for Nanaimo thinks security screening is totally unnecessary but I do not. The fact is there are no vital statistics in China that we can rely on. We do know there is a great deal of fraud practised in some of these cases and the hon. member for Vancouver East himself said yesterday that, in some of these cases, these people were simply using Canada as an avenue to the United States and although I cannot cite a single case I am afraid that has sometimes been true.

Mr. Herridge: Others do that, too.

Mr. Pickersgill: Others do it too; that is quite right. We try to stop it in every case but it is extremely difficult to stop it in these cases because we do not have access to the kind of records that are available to us in practically every other country from which we receive immigrants.

For all these reasons, I have come to the conclusion that, as from today, no further new requests will be entertained for the review of a Chinese case in which there has already been one review made by the department after the original rejection. Such files will be closed and will not be reopened unless it should be alleged that there has been some actual wrong-doing on the part of an official of the immigration branch.

Mr. Fulton: May I just have that again; no further new requests will be entertained for further review—

Mr. Pickersgill: No further requests will be entertained for the review of a case in which there has already been one review made by the department after the original rejection.

Mr. Green: Will that apply to existing cases or will that apply only in the future?

Mr. Pickersgill: No, it will apply only to new cases. Any case that is presently under review even if it is being reviewed for the fourth or fifth time will be completed.

Mr. Winch: That is the most damnably unfair statement I have ever heard.

Mr. Green: It is very unfair.

Mr. Fulton: I think it is terrible. That kind of decision will create more difficulties than can be imagined.

Mr. Pickersgill: The reason for taking this position, which I have considered with great care, is that these prolonged and very expensive reviews of cases which have already been carefully reviewed, some of them four or five times, occupy the time of the officials who would otherwise be engaged in dealing with current applications, and thereby cause unnecessary delays in dealing with the applications which come to the department from day to day, and which, in most cases, are much more deserving of consideration than those which have already been considered.

With, as I say, the limited staff which is all we are justified in having at Hong Kong, it is just not possible to have these repeated reviews of old cases and keep up with the current volume of work.

There is one other aspect of this matter of Chinese immigration about which I also want to say something. Hon. members and particularly those from British Columbia but from other parts of the country as well will have received, as I have, a great many representations about certain changes it was felt would be desirable in the regulations with respect to the admission of Chinese.

One of them, which the hon. member for Vancouver East referred to yesterday, I must say on the face of it appears very absurd, and that is the requirement that Chinese Canadian citizens go to Hong Kong and spend a great deal of money in order to get married and bring their wives back here when, if they did not have to make that expense, they could use the money for other purposes such as getting established.

As I say, on the face of it, it seems quite absurd that there should be any such regulation at all. It is not applied generally to immigrants from other countries but there are reasons which I think are known quite well to those hon. members who have had much to do with these cases which make this an extremely difficult problem. However, I have consulted my colleagues about this and I have received their approval to announce today that as an experiment the department will authorize the entry to Canada of fiancées of Canadian citizens of Chinese origin.

Mr. Fulton: Would the minister speak more slowly, please. I am endeavouring to record his words.

Mr. Pickersgill: The department will authorize the entry to Canada of fiancées of Canadian citizens of Chinese origin, under the following conditions.

They will be examined at Hong Kong as though they were immigrants. If they are found to meet the immigration requirements they will be given a Canadian non-immigration visa, provided they are in possession of a travel document authorizing their re-entry to Hong Kong.

The marriage will have to take place within 30 days after the arrival of the fiancée and the marriage will have to be performed according to Canadian law. Upon production of a marriage certificate issued by the appropriate provincial authorities an order in council will be passed authorizing the fiancée's landing, and landing will be granted.

Mr. Herridge: That is a big improvement.

Mr. Pickersgill: The third condition is that the applicant in Canada will have to make a cash deposit of $1,000 at the time of the application and this deposit will be returned to the applicant after the marriage has taken place or in a case where it is evident that the fiancée cannot be admitted to Canada as not meeting the usual requirements—that is to say that when the examination is made entry is refused for medical or other reasons—the money will be returned. In any case where the marriage does not take place within 30 days after the arrival of the fiancée in Canada, the cash deposit will be forfeited and the fiancée will be deported.

While this procedure seems very stringent it will, I think, be quite possible for every bona fide applicant to comply with it, because the cash deposit and the cost of the transportation are about equal. In fact, I think it would cost more than $1,000 for the return passage to Hong Kong and therefore the question of putting up that amount of cash as a deposit will not be any serious impediment.

I do think this is a humane way of dealing with a very difficult problem. If hon. members felt they had to insist I could give reasons why we have to take the kind of precautions we do, but I would prefer not to do so.

Mr. Winch: Mr. Chairman, I want to say to the minister that the latter part of what he has said is strict but it certainly is an improvement and I am certain it will be welcomed by all of us and by the Chinese Canadian citizens who are looking forward to marriage.

I do not wish to take up the time of the house unduly but I do want to say most definitely that if I had not heard from the lips of a cabinet minister, let alone the Minister of Citizenship and Immigration, the statement about the closure of Chinese immigration cases after certain procedures I would not have believed that such a course of action could be possible.

During the time of the minister's predecessor in office there were cases that were rejected by the department. I myself appealed some of these cases. The then minister of citizenship and immigration, who is now the Minister of Finance, rejected the appeal. A change-over in portfolios occurred. I still thought there was an injustice and I took up the matter with the present minister. He saw the justice of the case and reversed the decision. I think that is justice and I think it is what should be expected if there is a good case to be presented. If this new policy had been in effect then, those cases which the present minister considered were legitimate would have been automatically closed out.

Under the policy which is to go into effect as of today there will be just the one review and then the door is closed. The reason given by the minister is that they have not the staff and cannot spend the time, that if they do, it will mean that other cases cannot be processed as speedily as they otherwise would. That may be so, but I think it is unalterably and utterly disgraceful to put that forward as a reason for closing out other cases. If you have not sufficient staff, you should get more staff; if you have not the trained staff you should train the number required. Why throw completely overboard every principle of British justice for the reasons outlined?

I think this is one of the most disgusting and disgraceful policies ever laid down in this parliament. Without saying any more, I think it is right that if a person has a case or if someone in a responsible position such as an attorney or member of parliament thinks he has a case, then whether there are 100,000 cases or one case he is entitled to full consideration. I hope the minister will take a second look at the decision he has made and reverse his view just as quickly as possible and remove this most despicable blot upon justice in Canada.

Mr. Fulton: Mr. Chairman, I find it difficult to comment in parliamentary language upon the decision just announced by the minister with respect to Chinese immigrant cases generally.

Mr. Pickersgill: It does not apply to cases generally.

Mr. Fulton: Those cases which have been reviewed once. I find it difficult to appreciate just what this government thinks it is trying to do when it announces a decision of this kind at this stage in the session after having delayed the estimates of this important department until this time. I find it difficult to come to any other conclusion than that it was done deliberately in order that the estimates of this department would not receive adequate discussion and examination.

For anyone to claim that he has regard for the humanitarian aspects of immigration and then to announce a decision such as the minister has just announced is a complete contradiction. There have been I should think hundreds if not thousands of cases which have been reviewed in periods up to five years, after which time it has been found that the application was a proper one and the person was admissible. We all know of cases not only in the field of immigration but in other fields such as pension applications where there have been constant and consistent reviews of applications. We have appeal board hearings, leave to re-open and right through the procedure. I know of one case where it was decided 20 years after an application for pension had been made that the application was justified and the pension was awarded.

That case concerned an individual, but here family relationships are involved. To close the door, now on the application by Chinese citizens of this country for the opportunity and the right to be reunited with their families is to my mind so heartless that a proper description of the decision is impossible. It is a policy of more restrictions, a policy which instead of relieving hardship and permitting a more humanitarian approach to the problem of immigration creates more hardships.

The minister is wont to say that there are no rights to immigration and he justifies his various actions and policies on that so-called principle. But not even the minister will deny that Canadian citizens have rights in the field of immigration as they have in other fields. There are cases in connection with Chinese immigration, as there are with immigration cases generally, where the applicant whose admission is sought is claimed to be a Canadian citizen. What sort of hearing will he get?

Mr. Pickersgill: Before the hon. gentleman confuses the issue may I say that I would never for one minute, and of course the law would not allow me to, in the case of anyone who can establish he is a Canadian citizen—the minister has no power and no one else has any power to keep such a person out of Canada. The hon. gentleman knows that perfectly well and there is no point in confusing the issue by referring to people outside the country who are Canadian citizens.

Mr. Fulton: There is every point in doing that because the thing the minister will not do is give such a person the opportunity to establish whether or not he is a Canadian

citizen. A person applies in Hong Kong or a parent in Canada applies for the admission from Hong Kong or from China of a son, daughter or other relative—it is mostly a son or daughter—who he claims is a Canadian citizen. What opportunity does that person have to have his case properly heard and have the issue settled? None.

Mr. Pickersgill: That is completely untrue.

Mr. Fulton: I will show why in a minute. Up until now the only chance he had was to apply for a review but that door is going to be closed to him.

Mr. Pickersgill: That is not true either. In any case where there is a claim made that the person is a Canadian citizen I would never for one minute refuse to receive any evidence at any time.

Mr. Fulton: What exceptions is the minister going to make to the policy announcement he made today?

Mr. Pickersgill: I am talking about applicants for immigration by persons of Chinese nationality. If the hon. gentleman will permit me to clarify this point, I am saying that when a person of Chinese origin claiming to be a son or daughter, under the age of 21 years, of a Canadian citizen applies and the application is refused by my department and it is brought up for review, there will be a most careful review once, but that we no longer propose to keep on reviewing time after time, having it passed from one hand to another, from one member of parliament to another, from one lawyer to another; having it take up a tremendous amount of time and wasting a tremendous amount of the taxpayers' money which should be devoted to the purpose for which parliament voted it, which is to bring immigrants into this country.

The hon. gentleman talks about those cases which he says were reviewed four or five times and where I took a view different from the view taken by my predecessor.

Mr. Fulton: Or by your officials.

Mr. Pickersgill: Or by my officials. Before I closed the door on those 21 to 25 cases I asked that a full review be made of all outstanding cases in the department. There were a lot of cases where it appeared to me there was doubt. Perhaps foolishly, because one seems to get very little credit for anything of this sort that he does, I did give those people the benefit of the doubt. I can say honestly that there has not been one single case decided by my predecessor on which I have given a different view where I thought my predecessor was very clearly wrong and I was clearly right. In every case where it appeared to me there was a sufficiently strong doubt I gave the benefit of the doubt to the applicant.

Not only that, but in those cases where I have reviewed an application more than once I have never found any new evidence which could do more than possibly change the shadow of a doubt. We do know that in Europe applicants do not get half the consideration that these cases get. There are, as I have said over and over again, no rights involved at all. No person who is not a Canadian citizen has a right to immigrate to this country, and the purpose of our immigration department and the purpose of voting money to bring immigrants into this country is to get the kind of people we want in this country to build up this country. If a large part of that money is going to be used to deal with doubtful cases, it seems to me that we are not using the money for the purpose for which parliament voted it.

There is no question of justice or injustice involved at all in this matter. It is purely a matter of administration. In most other countries we turn an applicant down and do not even look at the case again; that is the end of it. A far too great proportion of the time and energy of the department and of the minister is taken up with these Chinese cases. If the business of the department is to be done properly, we have to establish administrative procedures that are reasonably efficient.

There is another thing, and I think this is very important too. I do not see why we should spend days and days reviewing for the fifth time some doubtful case, and holding up the machinery which would otherwise allow the early reunion of Chinese Canadian families where there are no doubts at all and where the whole case is held up because the time of officials is taken with leafing over and over again the same old files. What is more, sir, a large part of this is just a business for the benefit of two or three lawyers who are not otherwise engaged in any very important practice.

Mr. Fulton: I felt that I was right a few moments earlier when I said that it was disgraceful that the estimates of this department should be brought on for discussion at this stage of the session. What the minister has just said proves conclusively the truth of what I have said. These statements just now made are much too important to let them go through in a matter of half an hour or three-quarters of an hour.

Let us go back to this question of rights. It embraces not only Chinese immigration but a very much wider field, and it is

probably one of the most important policy matters that could arise in connection with this department. The minister says that there are no rights in connection with immigration. He says that the right of admission to Canada is determined in accordance with regulations; that is to say, whether a man is entitled to come into Canada or not is determined in accordance with the application of the regulations.

Before the lunch recess he said that the regulations confer no rights. That, of course, is a very narrow technical view, with which I disagree because there is such a thing as the rule of law, whether the minister recognizes it or not, and he does not usually recognize it. Under our law, which includes that field known as administrative law, once regulations are passed by order in council they have the force of law, and then the minister cannot or should not disregard them.

Mr. Pickersgill: Nor does he.

Mr. Fulton: He most certainly does, because he makes flesh of one case and fowl of another in the application of his own regulations and he refuses to admit that there is or should be built up a body of precedents even in the application of his regulations. That is not a proper application of any body of administrative law. But it was obvious in his remarks that he was betrayed perhaps by some earlier constitutional training into a recognition of the fact that his own official policy that there are no rights attached to regulations is not correct, when he said this afternoon, discussing the matter of certain changes in the provisions for admission of Chinese, that something had been incorporated in the regulations and he said—and these are his own words—"It is now a part of the law."

Mr. Pickersgill: Of course, it is part of the law.

Mr. Fulton: Although it is incorporated in nothing more than the regulations. If it is a part of the law, does the minister argue that there are no rights under the law except those which he cares to confer?

Mr. Pickersgill: Not at all.

Mr. Fulton: That is the way he applies it. Then he goes on to say in connection with immigration that there is no question at all of justice or injustice. Did one ever hear a more inhuman interpretation of this field of immigration law and practice? That is the policy the minister follows, that there is no question of justice or injustice involved.

Then he discusses the administrative difficulties. Of course, there are administrative difficulties, and the minister is in receipt of a salary to see that the administrative practices are such that the immigration law will be carried out in accordance with the desires of the people of Canada. This excuse of administrative difficulty is an entirely outmoded and unfair one. Certainly there are administrative difficulties involved in every department. That is why ministers are paid, in some cases grossly overpaid.

Mrs. Shipley: Smart Aleck!

Mr. Fulton: He talks about this difficulty of the priority of cases. Certainly they have to be assigned some priorities, but are we to conclude that the minister is so lazy that he will say—

Mr. Pickersgill: "Indolent" is a nicer word.

Mr. Fulton: —that, although there are some cases that require to be assigned a degree of priority, and those are new cases about which there is no difficulty, fresh applications, in order to save himself too much administrative difficulty he is going to close the door permanently to people who have problems of family reunion to solve? That is what he is saying: "In order to save myself administrative difficulty, I am not going to consider these cases any further."

Mrs. Shipley: That is not what he said at all.

Mr. Fulton: It is exactly what he said.

Mrs. Shipley: That is your own interpretation.

Mr. Charlton: It is on the record.

Mr. Fulton: As I say, this runs counter to the whole conception of the administration of justice, which is based—

Mr. Pickersgill: May I ask the hon. gentleman a question? He is a lawyer and I am not, but my understanding is that there has to be in the courts some finality somewhere in every case, even where the judgment may turn out to be wrong, as some judgments do turn out to be. I am sure the hon. gentleman would agree, or otherwise there would not be courts of appeal. It seems to me that even if there was any question of injustice involved —and I think there is often a question of humanity involved—

Mr. Fulton: You are not asking a question. You are giving a speech.

Mr. Pickersgill: I do not admit that there is, but even if there were a question of justice involved, we take the original application and it is turned down. In most cases, that ends immigration cases. Nobody bothers to ask for the review or anything else. But in these cases we are saying that a most careful review, which will go to the minister, will

take place, and that will be final. It does not seem to me that that is any more denial of justice than taking a case to a trial court and from there to a court of appeal. How many decisions on appeal are you going to have when it is the same court? It seems to me that the hon. gentleman is making a mountain out of something that is not exactly a molehill but something that is a great deal less than a mountain.

Mr. Winch: I have seen you change your mind with fresh evidence on the third or fourth time.

Mr. Fulton: What the hon. member for Vancouver East says is, of course, perfectly true. But the thing that the minister will not accept from us, although we advance it in the utmost seriousness, and I do not know how we are going to get the point across except, as I say, by a change of government—

Mr. Pickersgill: That is of course the proper way to do it. Get out in the country and win an election.

Mr. Fulton: We will, don't worry, when you have the courage to call it.

Mr. Pickersgill: Why don't you try it?

Mr. Dickey: Whistling in the dark.

Mr. Fulton: If that is what you believe why do you not call it tomorrow? Heaven knows the situation cries aloud for it. If you were not afraid of losing it you would call it tomorrow. The point at issue here is—

Mr. Hosking: Why should there be an election? We have been here less than three years.

Mr. Fulton: If you have anything to say on immigration I suggest that you say it on your own time and not by interruption.

Mr. Hosking: I was just talking about the election.

Mr. Fulton: The point at issue here is that the review procedure is not carried on in accordance with the ordinary concepts and principles of justice because the minister's department will not tell those interested the reasons for their rejection. In any other appeal involving almost any other department—I am not sure about them all—

Mr. Pickersgill: That does not apply, of course, in the Chinese cases. We always give the reason in the Chinese cases, as the hon. gentleman knows very well.

Mr. Fulton: But very rarely the detailed facts upon which that decision is based.

Mr. Pickersgill: In these Chinese cases, as the hon. gentleman very well knows, it is always a question of identity and we go to the greatest possible pains to explain why we do not believe the person is of the age claimed or why we do not believe he is the son of the person who claims to be his mother or father. The fullest details are given in these cases and always have been because there is nothing but the question of identity involved. I admit we do not do that in other cases.

Mr. Fulton: Will the minister then say why he will not allow the solicitors for the applicants access to the files if there is a readiness to give the fullest information and a readiness to allow the applicant to meet the case of the department against him or to counter the grounds upon which the departmental decision is based? What kind of an appeal process is that contrasted with the appeal process—

Mr. Pickersgill: It is not an appeal process at all.

Mr. Fulton: —under the United States immigration system? We accuse the Americans sometimes when accusations and representations are made against the Americans for the harshness of their immigration laws, but the minister would not deny for a moment that the Americans do allow a system of appeal which puts ours into the shade. The facts are stated fully, the law considered applicable by the immigration law officer is stated and the person concerned has the right to be there and to be represented by counsel. What a long way in advance of our immigration system theirs is!

We have been urging upon the minister a simple change in the administrative policy or practice, call it what you will, of his department which would remove all these objections. That change is that where an applicant is rejected the reasons should be stated in full and the applicant should be informed and should be given an opportunity to indicate whether he wishes his sponsor in Canada informed of the reasons so that his case can be heard in Canada and an opportunity be given to meet the objections or grounds upon which the department has based its adverse decision. That is not done.

The minister has steadfastly refused to consider giving information to that extent. He has based his refusal on a variety of grounds varying from security in a technical sense to a statement that the files and the information contained therein are confidential and can be revealed to no one. It is extraordinary, sir, how, when it suits the department or the minister to raise difficulties on that ground, it does so by saying that the information is confidential or that the question of security is involved. But when it does not suit them,

when they find themselves in difficulty, then the confidential nature of the grounds upon which the rejection is based vanishes out the window and there is the widest publicity given to the reasons for the rejection or order for deportation, whatever it may be.

Mr. Pickersgill: Sir, this is another outrageous misrepresentation. The department always gives reasons and is obliged by law to give reasons for deportations. They should not be confused with rejections. We do give reasons for deportations.

Mr. Fulton: Does the minister not recall the Brent case in which the courts of this country, from the Supreme Court of Ontario to the Supreme Court of Canada, held that the department had not given reasons and that they had given the person concerned no adequate opportunity to meet the case against her? Does the minister not recall the Spalding case in which the courts of British Columbia found the same thing?

Mr. Pickersgill: I have heard of both of them, yes.

Mr. Fulton: In that case there was an admission by counsel for the appellant, which was the crown in that instance, that the hearing before the special inquiry immigration officer was conducted in violation of the essentials of justice. These are the findings of the courts whom the minister professes to respect, but when we confront him with them what does he say? He says there are no rights attached to immigration cases or he says—

Mr. Pickersgill: To immigration.

Mr. Fulton: —in direct contradiction of what the courts have said that they do the very things that the courts have found they do not do, namely, make full and complete disclosure of the case against the applicant or the person ordered to be deported, as the case may be.

Mr. Pickersgill: There is all the difference in the world between the two.

Mr. Fulton: As I say, when it suits the department to say that they will not reveal this information because it is confidential or because there is a matter of security involved then it is not revealed but when they find themselves in trouble these principles go out the window and there is the widest disclosure of the grounds in an attempt at self-justification on the part of the minister.

I refer to two cases which have come before the house. The first one I am going to refer to is the case of Paul Robeson. We are told, sir, that particularly where a man is rejected or excluded on the ground that he is a communist there must be the most complete secrecy maintained as to the grounds of the department's decision and the surrounding circumstances. When Paul Robeson was excluded and the subject matter was raised in the house, what did the minister say? Not only did he say that Paul Robeson was excluded because he was a known communist, which may or may not be the case, but there was no secrecy there. The house and the country were informed of the opinion of the government with regard to this man's political affiliations. Not only that, but the minister went on to say with respect to Robeson, as found at page 2821 of *Hansard* of April 11:

> . . . who was coming here to perform under what were, according to the information I have, communist auspices.

Where is the security there? Gone out the window. The widest possible publicity was given to the fact that the department has knowledge not only of his political affiliations but the political affiliations of the sponsoring organization.

Mr. Pickersgill: The facts were known by everybody.

Mr. Fulton: Yet we are told in other cases when we try to find out why a person is excluded that the reasons cannot be revealed because to do so might compromise our security arrangements.

An hon. Member: The facts were notorious.

Mr. Fulton: Oh, so it is to be in the discretion of the department whether or not the facts are notorious.

Mr. Pickersgill: If they are notorious, how can you keep them secret?

Mr. Fulton: It is to be in the discretion of the department to brand one man as a communist and an organization as communist although no court has so found. The minister is going to blacken the reputation of these people by saying that the department knows them all to be communist. What kind of principle is that?

Mr. Pickersgill: I thought the hon. gentleman agreed with my decision in that case.

Mr. Fulton: We are told in other cases that the reason why this information cannot be revealed is that it may be embarrassing to the applicant to have it made public, that this, of course, would be bad, and that we cannot even inform any other individual, even the sponsor in Canada, of the reasons for exclusion even in cases where there are not security grounds because it might embarrass the applicant. But when the minister is embarrassed and it suits him and his departmental purposes to make the information public, in an attempt to blacken the reputation of the person concerned, there is no

hesitation in saying just why they were ordered deported, as in the case of Mrs. Spalding, which was discussed here previously.

On March 14 I asked for some factual information as to whether she had been excluded; whether she had had to post a cash bond and so on; was the deportation order subsequently quashed in the supreme court; did the Department of Citizenship and Immigration then appeal; has the time for appeal to the supreme court expired; has the department yet refunded the $1,000 and so on. I did not ask for the reasons, as I might well have done. There was no suggestion in any of the questions as to the reason why the order was made, because I did not think the information would be given. The minister has told us time and time again, when we have urged him to give the information, that it cannot be given because it is confidential. But in this case where he found himself in an embarrassing position and when apparently his only defence was to smear the reputation of the lady in question, he gave every last bit of information as to the reasons why she was excluded, including the amount of money she had with her, the number of children, and an allegation with regard to her domestic relations, not one bit of which information had been asked for. The minister has played ducks and drakes with his own policy that information cannot and will not be revealed because it is confidential. Without rehearsing the details of the case, I might just say that the major grounds upon which that order was made were subsequently found to be the dark imagination of the department itself and not to be justified in fact.

What we have said is that some order must be brought out of this chaos which the department has made of its treatment of immigration applications. There is a very simple way of doing that, namely by following the ordinary principles of justice. Where the application is rejected the department should state the reasons and give the applicant and/or his sponsors in Canada an opportunity to meet the reasons and to argue against them. It should set up a proper appeal and review procedure so that the merits of the case might be tried with a minimum of delay, with the certainly that the merits in fact were being dealt with and that the applicant was not groping around in the dark, not knowing what case it was he or she was obliged to meet.

Recognizing for the sake of argument that there is some validity in the position taken that information given by an applicant should not be made public we were prepared to go along with the minister and to suggest that it be not made available to anybody without the consent of the applicant. It is a very simple thing to provide for that. The applicant gets a notice that his application is rejected. It could be done by a short addition to the letter, at the bottom of the standard form, reading somewhat to this effect: "The reasons for the rejection are the following." Then the reasons would be particularized. Then you could go on to say this: "If you wish to appeal this rejection, you have the right to do so; and if, in order to facilitate your appeal, you wish to inform your sponsor in Canada and have him instruct counsel, if he wishes so to do, would you please indicate by signing here." Then if the applicant wished to reveal the reasons, he would say so. Then this endless business of correspondence back and forth with the minister about which he has been talking and the endless reviews by individuals would be ended because the case could be argued and decided with finality. The applicant and his sponsor would know what were the reasons for the rejection and they would be able to meet that case on its merits, with appropriate counsel to assist and to protect the interests of the applicant and the sponsor.

Until some such simple procedure is adopted—whether it be with respect to Chinese immigration cases or with respect to cases of immigrants from any other part of the world—you are not going to resolve the chaos into which this matter has fallen. With all the earnestness at my command I argue that such a procedure, far from increasing the burden of administrative work, would lessen it immeasurably because you could build up a body of precedents and get the merits of the cases disposed of at once, instead of each case being decided upon a principle which rests somewhere in the mind of the minister and no one knowing from time to time what principle is applicable to what case.

The act of the matter is, Mr. Chairman, that the bar association has made recommendations to this effect and others which would produce order out of this chaos. Last year, when we had the matter up for discussion, the minister sought to dismiss the bar association recommendations on the ground that they were made in one case for political purposes and in another case by a disgruntled lawyer. But it is strange to be obliged to report that the bar association enlarged this committee, had them make a further study, and had as chairman of that committee a gentleman whom I doubt whether the minister would describe as disgruntled, unqualified or even politically unsuitable.

Mr. Pickersgill: No; he is a most distinguished gentleman.

Mr. Fulton: That committee came to almost identical conclusions and made recommendations which were the same as the preliminary recommendations and conclusions arrived at by the committee of the previous year and which the minister was characterizing by the language that I have described. But these recommendations are apparently to no avail because the minister refuses to change the administrative practices of his department, or even to countenance for a moment a change in them which would do nothing other than give recognition to the ordinary, simple concepts and principles of justice which should apply in his department as much as they should apply anywhere else in Canada.

Mr. McIvor: Mr. Chairman, I should like to ask the minister a question. Is there any limit to the number of Chinese that can come to Canada? Before he answers that question, I should like to thank him for the hope that another young Chinaman will be coming to Fort William because if only one parent is living, it is the same as two.

Mr. Pickersgill: I think the brief answer to the hon. gentleman's question is that the only limit there is is the number there are in China, of children under 21 of Canadian citizens.

Mr. Nicholson: Mr. Chairman, I think this has been a most unfortunate speech that the minister has made today. I am sure that it would not have been made two months ago.

Mr. Pickersgill: I have been waiting for two months to make it.

Mr. Fulton: Why was it that your colleagues agreed to it only today?

Mr. Nicholson: I am sure the minister could have had it before the house earlier. I am sure that the minister will be forced by public opinion to repudiate the statement he has made today. The hon. member for Vancouver East and the hon. member for Kamloops have advanced arguments as to why a statement of this sort should not be permitted to stand unchallenged in any free parliament anywhere. The hon. member for Nanaimo this morning referred to the treatment we are extending to people from India and to people from members of our own commonwealth. We must not lose sight of the fact that the people of China and of India are watching what we are doing in connection with the handling of these immigration problems. I for one am ashamed of the policies we have carried out in Canada, particularly over the last 50 years, in connection with Chinese who wish to come to Canada.

I am sure the members of every political party will agree with me that, on the whole, the Chinese have been very good citizens. It should be recalled that for 25 long years we had a barrier which permitted less than a dozen Chinese people to take up residence in Canada. Then, when we were fighting for the survival of democracy we made some concessions and we allowed some Chinese to enter. For the minister to say now that he is too busy to take the time to review some of these cases that are still pending must not be allowed to go unchallenged.

Mr. Pickersgill: That is not, of course, what the minister said.

Mr. Nicholson: That is the logical conclusion from what he said, that he is going to say no all along the line and not let them in.

I have a case which goes back for many years, and there has been a great deal of correspondence in connection with it. I resent very much the suggestion that the minister has thrown out that these people are a nuisance. Charlie Quan has been one of my best friends for 25 years. Let me review very briefly a few of the details in connection with Charlie's life. At 13 years of age Charlie left his home to go out and earn his living. He received the magnificent sum of $4 per month in Singapore. As a result of faithful service he had his wages increased to $6 per month at the end of the first year; then, $8 at the end of the next year; then $10 and then $12. After seven years he had been able to send home to his parents something like $200. Eventually, he was able to go into debt and raise the $500 a head tax to come to Canada. He left his wife in China and his first son was born after Charlie arrived here. In due course, he went back to China and another son was born. After seven years in Canada he went back to China again and a third son was born. Then, the depression came and Charlie did not get back home again. The father never saw the third child who died when he was about 13 years of age.

During the Japanese-Chinese war the parents of two children lost their lives and the Quans adopted these two children. They had no intention of coming to Canada. As a matter of fact Charlie had sold his Canadian interests and fully intended to go back to China to spend the rest of his life. In the meantime, his elder son had become a civil engineer and he came to Canada to take his master's degree at the University of Toronto. When the change in government came in China the preference was to stay in Canada.

The department has been good enough to make it possible for the young chap to take up residence in Canada. There has been a great deal of correspondence about this unusual case.

Now that Charlie's wife is in Canada the daughter, who was married of course, is barred from this country. These two adopted children, who are still in their teens, are also barred from Canada. The minister says that this sort of case cannot be considered because there would be a great many other similar cases. I think it is unfortunate that 15 million people are trying to hold this northern portion of this continent where I am sure 30 million people could live much better than the 15 million, but of course I do not expect the minister of immigration to solve all these problems.

Mr. Pickersgill: Perhaps I could just ask the hon. gentleman a question. He is not, in this case, complaining about the administration. He is complaining about the regulations, is he not? Under the present regulations these children are not admissible. If the regulations were changed, their applications would naturally be considered.

Mr. Nicholson: The minister says it is too much bother, and there has been a lot of correspondence in connection with this particular case.

Mr. Pickersgill: No, sir, I think in fairness the hon. gentleman will admit that these two adopted children are not admissible under the present law; that is the law as it is now. If the hon. gentleman is asking that the law be changed, that is one thing; but surely he is not going to complain that it is poor administration on my part to obey the law.

Mr. Nicholson: Oh, no; I have had correspondence in connection with a great many other Chinese cases. Like other hon. members, I am sure that we are rather cautious about how critical we are of the minister because some of these cases that have been turned down by the officials are given sympathetic consideration by the minister and previous decisions are reversed. For the sake of future cases one might have to bring before the minister—

Mr. Pickersgill: On a question of privilege, Mr. Chairman, I cannot believe the hon. gentleman means to insinuate what he is insinuating. If there is any hon. member in this house who wants to stand up and say that he believes that my judgment in any case has ever been coloured by my attitude to any member in this house, I wish he would say so and cite the case. I have done my utmost in spite of what the hon. member for Kamloops has said,—I thought he used a rather unparliamentary word, lazy —about my indolence. I have tried to administer my department with assiduity. I think I could even say, in simpler language, that I have worked rather hard. I have had letters from all but a half a dozen of the members of this house about immigration cases. I do not think that at any time when I have been in Ottawa I have failed to answer those letters myself or that I failed to give these cases careful consideration. It has never made any difference to me to what party the hon. member belongs or what the colour of his eyes was, I have tried to deal with the facts. If any hon. gentleman wishes to make the kind of unworthy insinuation the hon. member for Mackenzie is making now, I wish he would be specific.

Mr. Nicholson: I want to make it clear that I have not complained about the disposal of any of the cases which I have brought to the attention of the minister. I must say that he has given sympathetic consideration to all the cases that I have brought to his attention. But I should also say there have been a number of cases which have been turned down by the department and in which, when brought to the attention of the minister, the decisions were reversed. I do not want to have the people from the constituency, on behalf of whom one might be asked to make representations in the future, placed in a position where their problems might be jeopardized by any critical remarks one might make from time to time regarding the administration of this particular department.

Mr. Blackmore: That is just a mean insinuation.

Mr. Nicholson: The minister has intimated this afternoon that there is a tremendous amount of work involved in connection with these Chinese immigration cases. The hon. member for Kamloops has pointed out quite correctly that the minister is paid a salary to do this particular work. He is given all the staff he may find necessary, and if there is any injustice measured out to one Canadian I think it is the duty of the members of this parliament to see that the necessary changes are made so that every Canadian citizen might have his case reviewed and reconsidered if he considers an injustice has been done.

Mr. Blackmore: That is correct, but we do not need insinuations.

Mr. Hosking: I had not intended to take up any of the time of the house in speaking on these estimates, but I think possibly I can make my remarks in two or three minutes instead of taking 15 or 20. I am perhaps

fortunate in not having many cases of East Indians in my constituency, neither do I have many cases dealing with Chinese or Japanese immigrants. We have a great many immigrants coming from Europe to the rich farming section which I represent. A year ago I had the opportunity of being in Europe and I visited the homes of the relatives and friends of a great many people who have come to our country from Belgium, Holland, France and Germany. I would like to bring this to the minister's attention. I am particularly pleased with the type of immigrant he has brought to the county of Wellington in the province of Ontario. When I visited the homes of these people I learned that those who had emigrated from those countries are the best ambassadors Canada has in those countries.

In case after case the immigrants who had moved to Canada were writing letters home to their friends and relations telling them what a wonderful country Canada is. This caused me to think back to some 11 years before when I was in Europe with the army of invasion. It occurred to me that it would have been wonderful if we had had these same people in those countries at that time.

I would hope that whatever he does in his department the minister will continue to do the good job he has done in the past and will continue to see that we bring to Canada the type of people who will appreciate the opportunities presented to them here and who will not hesitate to write home to their friends and relations advising them that Canada is a great country and that they have good friends and neighbours in Canada; in brief, that it is a nice place to live in.

Every place where I visited the relations of immigrants in Europe, and I visited a great many, I found that we had a warm bond of friendship and I do not believe such a bond between two countries could be achieved in any other way.

I would like to commend the minister for the good job his officials have done in seeing to it that we bring to Canada the best kind of immigrants from the continent of Europe. In my constituency there are not many immigrants from the continent of Asia so I am unable to comment on that situation. I do find, however, that the Department of Citizenship and Immigration has done a great service for Canada in the good relations it has created between the European countries and the citizens of Canada.

Mr. Holowach: Mr. Chairman, may I take this opportunity of thanking the minister for the many courtesies he has extended and the attention he has devoted to the cases which I have brought to his notice in the past. Some of these were extremely difficult and I want him to know that I do appreciate his efforts in this regard.

Having said that, it is quite obvious that my remarks are not intended to be a criticism of personalities nor are they intended to be what we have heard this afternoon, unfair criticism. Rather, they are directed to a much more important matter, namely a policy which will reverse the present trend where we are having very few people enter this country.

There are several matters which come under the jurisdiction of the minister and his department in which I am interested, and immigration is certainly one of them. I believe that the Department of Citizenship and Immigration is one of the most important departments of government because of the fact that it deals with people who will work and produce and increase the assets of Canada.

May I remind the minister there is a limit to our growth unless we increase our population. All the available statistics point to a very sad development because they reveal that over the past few years we have had a marked decrease in the number of people who have been allowed to come to Canada. There is no doubt about the fact that the policy seems to be restrictive rather than liberal.

I know there is an argument that the increased prosperity in Europe has resulted in a reduction in the number of people who are willing to come to Canada, but I personally know of several cases in which the procrastination and delay in the department reaching a decision has caused frustration and resulted in the applicant and his family succumbing to a sense of futility and abandoning all hope of coming to Canada, and therefore they have sought entry elsewhere.

I am not advocating a wide open door policy; certainly no one in his right senses would do that. I do think, however, we should humanize our policies somewhat and show a little more tolerance. I do not hesitate to express appreciation for the immigrant because I think his record is excellent, and what Canadian does not have such ancestry? Everywhere we look we see these people, their energies and talents absorbed with our own in building a greater community and a richer country.

It has been my experience that behind the word immigrant is always a story of characteristics that we Canadians appreciate—courage, love of freedom and a very deep devotion to this country which these people have selected voluntarily as their

own. It seems to me there are perhaps many people in Europe who should be given the opportunity of coming to this country. Let me remind the minister that there are still over 414,000 refugees from captive nations in Europe under the care of United Nations refugee commission. Surely amongst those are many worthy cases that ought to be permitted to enter Canada.

May I just point out to the minister that one of the best ways for us to safeguard our freedom is to allow a generous number of people to come to this country who have not been enjoying freedom. They are the element that does not take freedom for granted.

It seems to me that as long as our country is one in which there are vast uninhabited spaces and as long as we have a productive capacity that calls for an ever-increasing per capita consumption, unless we are able to increase our population by natural means to a proper level the question of immigration will always hold our attention.

We should have a sound aggressive immigration policy especially at a prosperous time such as this. That policy must be based on selective immigration and yet it must also be human and tolerant. I think the situation is well described in an editorial which appears in the Montreal *Gazette* of May 29, 1956:

> The fundamental fact of life for Canadians . . . is the necessity of expanding our population as quickly as possible, in order to reduce the heavy financial burden which we now pay for the privilege of remaining Canadians. The imposts borne by every Canadian to meet the handicaps imposed on us by limited consumers, small industries, overwhelming communication problems, outside defence commitments and severe climatic limitations are too obvious to need elaboration. If we are to remain a nation, rather than to become a forty-ninth state, we must have more people and as quickly as possible.

Mr. Cardiff: Mr. Chairman, I want to assure the minister before I start that I am not going to be critical of him. He and I have had differences of opinion before and I want to assure the committee that he came around to my way of thinking before we got through and so we got along all right.

I would like at this time to direct a question to the minister. Does the minister or the government have any preference as to the number of immigrants admitted into Canada of different nationalities? Would the minister answer that question before I proceed?

Mr. Pickersgill: Perhaps while I am on my feet, sir, I may be permitted to say a word about what the hon. member for Edmonton East said concerning refugee camps. I was very much impressed by some of the representations made to me by the Ukrainian Canadian committee about a year ago urging that we go through the refugee camps and take a second look. I think perhaps the hon. members knows, and perhaps even wanted me to say, that we sent a mission including a distinguished member of the citizenship branch of my department who is of Ukrainian origin, and one of the officers of the immigration branch, to take a second look at all the camps. We think we are going to find quite a number of eligible people in the camps.

There are certain other liberalizations we think we can make, particularly in co-operation with the provincial governments. One difficulty we do have is that if we bring people to this country who cannot satisfy all the health requirements and they subsequently have to have treatment or welfare assistance; that is not a charge upon the federal government, in most cases it is a charge on the provincial or local authorities. We do not feel that we should create potential problems for them without their concurrence in our doing so, but we are taking the most liberal view we can.

The hon. member for Huron asked me a question which I think I could best answer by reading a few sentences from what Mr. Mackenzie King said in 1947 which is still the fundamental policy of this government.

Mr. Hodgson: Did you write it?

Mr. Pickersgill: I think you might say that it has been our policy to give the most encouragement to immigration from countries like the United Kingdom which have institutions similar to our own. That is not because we consider there is any inherent superiority in those people over other people, but because immigration is the process of tearing people up by the roots and trying to transplant them. As the hon. member who is a farmer knows, it is easier to transplant into soil which is similar to that from which you take the plant. It is for that reason that, generally speaking, our immigration promotion policy is confined to Europe and to some degree to the United States. I sometimes think that we ought to look for more immigrants from the United States, but I think the debate on another subject last evening has shown how frightfully difficult it is for a relatively small country like Canada, small in resources by comparison, to make much impact, publicity-wise, upon a country like the United States.

Our general view is that, other things being equal, it is better to get immigrants from

countries that have our constitutional, parliamentary, democratic and free type of government; that they adapt themselves more easily and more readily.

Mr. Cardiff: Why it it we get so many more immigrants of one nationality than of another? Are those immigrants picked by application, or how are they picked?

Mr. Pickersgill: Many of us might like to have it that way, but you cannot conscript immigrants. They volunteer to come and we do our best to encourage the people we want to come. The people in some countries are much more ready to come than those in other countries. I am very pleased, and here I am constrained to say, although it pains me to do so, that the hon. member for Kamloops was right and I was not entirely right last year about the assisted passage loans; I think there is no doubt that, by accepting the advice of the hon. member for Kamloops and a lot of other persons inside and outside the house, and extending these loans to cover dependents as well as the breadwinner, we have increased immigration from the United Kingdom. I just made a quick calculation when the hon. member was speaking yesterday and the increase in the first six months this year over last year is about 11,500, and of that number 7,000 are from the United Kingdom. I do not think that asssisted passage is the main factor, but I think it has been a contributing factor. I think better publicity has been another factor.

In this respect I cannot compliment the hon. gentleman. There was a lot of talk on the other side of the house in January and February of 1955 about the great unemployment crisis. We have absolute proof that that did discourage immigration, particularly from the United Kingdom. This year, while there were nearly as many people on the unemployment insurance rolls, we did not have a debate in the house. There was a more hopeful attitude here which was reflected in the figures. So far as the situation in Europe is concerned, they have had the same kind of full employment in both years.

I am quite discouraged about the decline in immigration from The Netherlands. There are varied reasons for this, the most important of course being the full employment they have there. There is no doubt that the immediate cash advantage of having your passage paid to Australia—it is free there and they do not have to pay it back—does appeal to a certain number of people. Why do we not do that? I think the answer is very simple. The passage to Australia costs a great deal, and so does the return passage. The passage to Canada costs very little. With the buoyant employment we have in this country it is very easy for a person to earn his passage back. I would be very much afraid that if we undertook to pay passages we would find we were providing some relatively cheap holidays for a lot of people. It is a problem, but I think we ought to be realistic about it. We did try it in the 1920's and had that experience.

Mr. Cardiff: Immigrants are brought here when there are not jobs waiting for them when they get to Canada, nor do they have assurance they will get jobs, but I have received representations on behalf of certain people who had jobs promised to them here and yet they had difficulty getting in. As long as a person has complied with the regulations he should not have too much trouble when he is assured of a job before he leaves home, much more so than one who comes here with the idea that he can get a job. I think the minister should take that into consideration when he gets applications from people who have relatives here or who know people who can offer them jobs before they leave home. Such people are not going to become a charge on the state and they should be given preference.

Mr. Pickersgill: We do our best, but sometimes there are personal factors that make a case very difficult. In this context I may say that the problem of security screening is a most difficult one. Except for the hon. member for Nanaimo I do not think there are many who think it can be dispensed with. It does create great difficulty. I do not say it is responsible for all delays, and I certainly do not blame anyone for them. This is the kind of operation that can be carried on only by trained people or it would be a travesty. It is a real problem.

Mr. Crestohl: Mr. Chairman, from what we have heard in this debate on immigration and in other debates on immigration I think most hon. members will agree that there are few departments of government that command the direct human touch more than immigration. We in Canada have always considered family life and close family ties as being one of our great assets. Therefore I cannot accept the statements that we have heard this afternoon that any action by our minister would at any time interfere with the cementing of family ties. Such a statement is most unreasonable and there is no justification for it in the face of the experience I myself have had.

As hon. members know, I also represent a constituency in which there are countless families whose homes have been destroyed and whose members have been forcibly

separated, and these people have been prevented from cementing their ties with their families. In every case that came to my attention affecting the reunion of a family, although the minister has not always been able to yield to the human request, he has wherever possible and on every occasion made the cementing of human ties and the bringing together of families who are separated a basic principle of life in Canada, and certainly he has granted those requests on every possible and conceivable occasion.

It is therefore very difficult for anyone sitting on this side of the house to hear members of the opposition take isolated individual cases, notwithstanding the minister's clear-cut explanation that where the department is satisfied and convinced that the facts are as represented, the department would grant those applications. We have a minister and we have departmental officials who have their jobs to do. If they were to make mistakes and admit people into this country who should not be admitted, the opposition would be the first to criticize them.

I am satisfied that, especially where the question of family ties are concerned the minister and his officials in every part of the world will most certainly yield to the requests that families be brought together again. I can only say that I have considered the minister's actions and found them to meet the situation. He tempers the cold wording of the law with a very warm, human and almost paternal consideration, and in doing so he certainly is administering the law not only in conformity with its letter but certainly with the spirit of our Canadian way of life.

While I am on my feet may I draw to the minister's attention the fact that because of our expanding economy and because of our industrial development we can look back now for about ten years and find that the more than one million immigrants who have entered Canada since the war have certainly been helpful in our expanding economy. We are still growing; there is still room for improvement, and certainly we shall require additional manpower.

In that respect I should like to draw to the minister's attention the fact that there is perhaps another opportunity now, because I think most of our sources of immigration are almost dried up, in the Europeans who have immigrated to North Africa and who because of developments in the past two or three years, are now almost compelled to flee from North Africa. Perhaps here is a fine opportunity for us to be alerted to the fact that there are thousands of highly desirable immigrants who may now be willing to come to Canada. I suggest to the minister that we alert our officials in Paris and Rome and in other European centres to that fact and to encourage as much as possible the immigration of such people from North Africa. They are mostly affluent and intelligent people, Europeans who had to flee Europe during the war holocaust and who are now also unfortunately fleeing North Africa because of the very dangerous situation there. I think from that source we can now obtain a number of fine immigrants who can continue to assist the economy of Canada in the same way as the more than one million we have brought to this country since the war.

Mr. Fulton: I was interested in one comment the minister made regarding the Australian policy, in which he said that Australia pays the passage and does not require repayment. May I ask him whether that applies to all immigrants or merely to those from the United Kingdom? In the light of the figures I have seen, which I put on the record yesterday, which indicate that in 1955 Australia received 54,000 persons from Europe under the resettlement scheme—

Mr. Pickersgill: I think that originally was only for immigrants from the United Kingdom, but the Australian policy has been expanded far beyond that.

Mr. Fulton: While fully appreciative of the dangers of even a loan scheme, let alone an outright payment of passage scheme, I would urge that the department have another look at this question and possibly have a modified scheme between an outright payment and a loan—perhaps a long-term loan would be the answer—because the figures seem to indicate that Australia is benefiting from the availability of refugees—

Mr. Pickersgill: It is not just regular; it is European immigrants generally.

Mr. Fulton: Well, from European immigration as a whole, more than Canada is. In view of the real need for population, about which there is at least no division of opinion between us, perhaps, one could categorize it as a highly competitive business of encouraging immigrants to come here. If Australia is succeeding to a greater proportionate extent than we are should we not, then, have a fresh look at our own competitive position and see what we can do to improve it vis-a-vis Australia; not only to beat out Australia —that would be a foolish thing to rest it on exclusively—but to look at it from the viewpoint of our own proper self interest and the responsibility that we have to those who require new homes?

Mr. Pickersgill: I do not think we really want to engage in competition with Australia, and I do not think the hon. member really suggests that. I think what we ought to try to do is increase the total numbers. The Australians need immigrants very badly. In some ways they need them worse than we do because of their isolated position in the world, and it has never been part of our policy to compete actively with them.

When we come to the supplementary estimates it will be found that there are several ways in which we are attempting to do something to encourage people. I might say in passing that it is perhaps not too well known, though we try to make it known in Europe, that any immigrant who borrows money to come to Canada and undertakes to go on a farm has his loan cancelled at the end of a year if he stays for a year on a farm. We make that special inducement in the case of farm labourers. We also now extend the loans beyond the two-year period in cases of need, now that we have taken dependants.

Perhaps in some ways the most useful thing of all that we have done is to establish the new family assistance program. There was a distinct feeling on the part of many immigrants that it was rather unfair that, in the year when they first came here, and perhaps needed money more than they would ever need it again, they were ineligible for family allowances. The payment is the same as the minimum amount of family allowances. It has been very well received. The payments are now being made, since July 1, I think, under the principle on which we operate, that once an estimate is brought into the house where the government has a reasonable majority we can sometimes anticipate approval. I hope no exception will be taken to that.

Mr. Fulton: Not in the present circumstances.

Mr. White (Middlesex East): I should like to add a word or two to what has already been said about the problems of immigration. First of all, so far as any problems I have taken to the minister are concerned, he has looked after them personally and I wish to thank him for that.

I want to say a word or two about what the hon. member for Cartier had to say about reuniting families who have been separated through difficulties of war or other causes, and his view that where it is at all possible to reunite them in Canada that should be done. I think that should meet with the approval of the minister and Canadians generally. In that connection I should also like to refer to the requests of Chinese for the admission to Canada of their families. I have a good many friends among the Chinese people in the city of London. We find that they are very law-abiding and that very seldom, if ever, are they involved in infringements of the law. They have never been known to be on relief. Most of them are self-employed and engaged in business. Consequently I hope that a humane approach will be the policy of the department with regard to their interest in bringing members of their families to Canada.

There is another point I might mention along that line. Many Chinese families probably will never have the opportunity to be reunited with their relatives in Canada because of the communists taking over the mainland of China; therefore that reduces the possible immigrants to a very small number. The hon. member for Kamloops mentioned the recommendations of the Canadian Bar Association. I think they should be very seriously considered, because these men have made a very thorough and complete study of the problems.

There is another matter I hear discussed in my part of the country. People wonder why it is that so many immigrants are attracted to Australia and New Zealand as compared to Canada. I am also wondering what efforts are made to attract citizens of the United States to become Canadians. There is no doubt that many of them are becoming interested in our great natural resources. That is quite evident. But when they become interested I should like to see them come to Canada and become Canadian citizens, and not remain in the United States and reap the benefit of our resources. I think a judicious plan of advertising to attract the right type of people might be advantageous as far as we are concerned.

Then there is another question that is always in people's minds. It has been mentioned a good many times to me and I am going to give two cases that were brought to my attention. One was the case of a young English chap and his wife who decided to leave the British Isles and were going to shop around before they decided whether to go to Australia, New Zealand or Canada. Their first call was at Canada House. The officials there were interested, but they said that there were a great number of applications, that the bookings on the various steamship lines were full, and that possibly they would have to wait a couple of years before they could come to Canada. They were very disappointed.

The minister knows as well as I do that when you come out of the door of Canada House on Cockspur street you look across the street and see the offices of the Canadian Pacific Railway. They decided to go over

to the Canadian Pacific and see what they had to say. They told them that they wanted to come to Canada but that they understood that space was at a premium and difficult to obtain. They wanted to know what they could expect. The officer of the Canadian Pacific Railway said, "Would two weeks be soon enough?" Yet they were told across the street in our offices in Canada House that they could not expect to get passage within a couple of years.

Then there is the case of another chap—and I know these people—who went there and told the commissionaire on duty at the door that he was interested in coming to Canada. As a matter of fact, on his first trip he did not even get past the commissionaire.

Mr. Pickersgill: Is the hon. gentleman quite sure he is right about his facts? I do not think the immigration office is in Canada House at all.

Mr. White (Middlesex East): He went to Canada House and that is what he was told. When he came out the door he went right across the street to the Canadian Pacific Railway office.

Mr. Pickersgill: Blame the Secretary of State for External Affairs!

Mr. White (Middlesex East): I can give the minister the names of these immigrants if I so choose. If they had not gone across the street to the Canadian Pacific Railway the chances are that they would have gone to Australia or New Zealand. We do not know what goes on in our offices abroad, and there is a lot of doubt in people's minds as to what does go on. When these two cases were brought to my attention I began to wonder myself. I think it is time that we took a look at the situation. I do not think the people of Ontario are too happy about the management of the department or the policy of the government as far as immigration is concerned.

Mr. Pickersgill: If I may just say a word or two, I gave some misinformation a moment ago to the hon. member for Kamloops. I have looked up the matter and I find that the part of the loan to farm labourers that is cancelled is inland transportation in Canada, not sea passage.

(*Translation*):

Mr. Villeneuve: Mr. Chairman, I wish to put a question to the minister. As the minister has seen for himself the deplorable condition and narrowness of the road in the Indian reservation at Pointe-Bleue during his recent visit to this place, could he tell us what steps his department intends to take to remedy this situation?

Mr. Pickersgill: Mr. Chairman, I would rather attempt to answer the hon. member's question on the estimates regarding Indian affairs.

(*Text*):

Item agreed to.

Immigration branch—

66. Field and inspectional service, Canada, including $10,000 for grants to immigrant welfare organizations, $5,763,851.

Mr. Fulton: Can the minister give us a report that will be as complete as possible with respect to the case that has been under way in Montreal involving irregularities, mainly in the issue of visas for entrance to Canada from Italy? According to my recollection the case has been under investigation and there have been some prosecutions in the courts for a period of two years now.

Mr. Pickersgill: The last information I had, and I am pretty sure it is accurate, was that the crown had completed its case but that the defence had asked for an adjournment and got it from the court. The case is actually being tried at the present time.

Mr. Fulton: I understand there are quite a number of persons involved. Are all defendants being tried simultaneously?

Mr. Pickersgill: I do not think they are all being tried simultaneously. My impression is that the advice we had from counsel was that the one case, or whatever cases are now in process, had to be completed before they could begin the others.

Mr. Fulton: Could the minister give us a report as to the number of civilians involved? I do not mean immigrants, but the number of Canadian civilians involved. Personally I am inclined to believe that more publicity should be given to this matter by the department than has been given, because here was a case of a type of racketeering on the part of unscrupulous Canadians that in my opinion cannot be too strongly condemned. I do not suppose there were very many of them, but they took advantage of—

Mr. Pickersgill: I wonder whether the hon. gentleman would not feel that while the trial is going on we ought not to have any publicity.

Mr. Sinclair: You are prejudging the matter.

Mr. Pickersgill: As far as the general principle is concerned, I completely agree with the hon. gentleman.

Mr. Fulton: I suppose the sub judice rule is on the minister's side this time.

Mr. Sinclair: The accused is charged with racketeering. He has not been convicted yet.

Mr. Fulton: No one has been named. However, I shall leave that item.

Mr. Herridge: I want to ask an explanation of the minister. In my constituency there was a German immigrant who worked in the C.P.R. communications. He tried to rob the cook in the work car one night, and made an unsuccessful attempt to cut his throat. In fact he got the money, was later arrested by the R.C.M.P. and went before the court in Trail. The judge was of the opinion that Canada did not want that type of citizen—so, instead of sentencing him to several years imprisonment, as he could have done, he sentenced him to six months and ordered him deported. When he had served his sentence he walked out of the jail a free man and disappeared somewhere into Alberta. If it had not been for committing another crime of violence he possibly would not have been picked up. Where was the slip-up on the part of the minister's department in not seeing to it that the judge's order for deportation was obeyed?

Mr. Pickersgill: I would really have to investigate the details of the case. From what the hon. gentleman said, I am not quite sure who tried to cut who's throat, whether it was the cook who tried to cut the throat of the immigrant or—

Mr. Herridge: The immigrant tried to cut the cook's throat but made a bad job of it. Anyway, he took his money.

Mr. Pickersgill: I must say that if immigrants go around trying to cut the throats of cooks, except for one or two cooks I have known in my time I would think that action was not justified and that certainly such immigrants are not the type of people we want to keep in the country. I will look into the case if the hon. gentleman will give me the name.

Mr. Herridge: Where was the slip-up?

The Deputy Chairman: Shall the item carry?

Item agreed to.

Immigration branch—

67. Field and inspectional service, abroad, $1,800,831.

Mr. Fulton: I should like to ask the minister about the liaison between the dominion and the provinces in connection with the attraction of immigration from abroad. I have here in my hand two articles. One is from the *Globe and Mail* of May 12, 1956. It is headed "54 Per Cent of Immigrants Ontario-Bound". The article gives statistics which justify the headline and indicates that of that number the great majority remain in Ontario. I have another article from the *Globe and Mail* of April 24, 1956, which reproduces an editorial from the Vancouver *Sun* entitled "Go After Immigrants". I shall read some extracts from it:

British Columbia needs its own official immigration policy.

Labour minister Lyle Wicks, back from an Ottawa conference on immigration, said he was troubled because B.C. faces "a critical labour shortage this year".

He skirted around the obvious solution without touching it.

Then the article goes on to say this:

Then he said—

That is Mr. Wicks.

—B.C. wants its share to help with "the essential program we have on the way".

"Unfortunately," he added, "most of our new citizens seem to stay in the east."

Then the editorial continues:

This is true. There are job opportunities in the east. There are also job opportunities in bustling B.C.

But the east is nearer to Europe. After reaching Ontario the immigrant may be baffled by the 2,000 miles of journey between him and British Columbia.

Another reason why Ontario gets the big bulk of immigrants is that Ontario goes after them. It has organized its own immigration. Alberta did the same on a smaller scale.

Then it continues, and this is reprinted from the Vancouver *Sun*, as I said earlier:

Long ago the *Sun* urged the B.C. coalition government to do something similar.

The implication of the editorial, of course, is that the British Columbia government has not taken the necessary steps. What I want to ask is this. We know that Ontario maintains—I believe I am correct in saying this—an immigration office in its provincial offices in London, in Ontario House. From personal knowledge I could not say whether or not British Columbia does the same thing at British Columbia House. While I am not trying to criticize the minister in the dominion government if any province is not doing what it should or could do in order to encourage immigrants to settle in that province, still there is a real problem, I know, with regard to the geographical distribution of immigrants when they come to Canada.

While I am sure the minister will say—and I would agree with him—that we cannot regiment them, that this is a free country and that we cannot compel them, except to a very limited extent by assisted loan passages and so on, to remain in a certain area or indefinitely in a certain type of work and that they will go where the attraction is the greatest, I feel that, whether it be a provincial responsibility or in part a dominion responsibility, an effort should be made

to acquaint immigrants with the opportunities that would confront them in all parts of Canada.

Certainly the opportunities in British Columbia are second to none. I would say they are the greatest anywhere. What degree of co-operation exists between this department and such provincial agencies as there are overseas, and what effort is made by the dominion government to do that which I have suggested, namely to make it as easy for immigrants to get to British Columbia as to get to Ontario or other parts of eastern Canada?

Mr. Pickersgill: As the hon. gentleman has suggested, Mr. Chairman, this is a real problem. I have the impression, however, that the attractiveness of British Columbia, both from the point of view of wages and climate—

Mr. Sinclair: And the class of people you meet out there also.

Mr. Pickersgill: And general articulateness is such that they have fairly well overcome any geographical handicap they might suffer. Every time I go to the prairies I find that the great complaint is that when we do manage to get some immigrants to go to the prairies, once the first cold day comes along they are on the train on their way to British Columbia. In spite of the editorial in the Vancouver *Sun*, which I had already read, I do not think British Columbia has come off badly at all in the post-war immigration.

There is no doubt that there are a great many areas besides Ontario and British Columbia to which, perhaps because economic opportunities have not been so insistent, it has been more difficult to interest immigrants in going. We do, of course, make certain provision for inland transportation for certain kinds of immigrants as far as Winnipeg, in order to try to equalize the flow. But as far as our offices here know about them, we do try to indicate the opportunities in all the provinces and to do it quite fairly.

As far as co-operation abroad is concerned, we are trying to keep the closest possible contact with every provincial government that has any representatives abroad. To this conference that Mr. Wicks was at, and which was referred to in the editorial, we invited representatives of all the provincial governments, and we have done everything we could do to encourage them to help us in every way possible with this problem. Immigration is, of course, a matter of concurrent jurisdiction, under the constitution. I had a meeting some months ago with the minister responsible in Toronto. We have always had the most cordial co-operation there. Perhaps the hon. member for Middlesex East would note that statement.

Mr. Fulton: I am not going to ask the minister to pass any judgment as between the efforts being made by the provinces, because I imagine he is in enough trouble without getting into trouble of that kind as well. But it is striking when one realizes that 54 per cent of the immigrants go to Ontario.

Mr. Pickersgill: I would think that 54 per cent of them stay in Ontario.

Mr. Fulton: Yes.

Mr. Pickersgill: But we estimate—this is just a guess and nothing more, though we shall know more after we get the census figures for this year—that at least 20 per cent more immigrants find their way eventually to British Columbia than go there in the first place.

Mr. Sinclair: They are intelligent immigrants.

Mr. Pickersgill: As the hon. member knows —and that is reflected even in the membership in this house—there is an enormous immigration into British Columbia from other parts of Canada. Indeed, I am the only member of my own family who does not live in British Columbia.

Mr. Fulton: I do not want to make any comment on whether or not he would be a desirable immigrant into British Columbia, but I am sure the minister is welcome any time he cares to come out and settle there.

Mr. Pickersgill: I might mention that the hon. member for Burnaby-Coquitlam invited me to go there to run against him. I did not accept his invitation, but I reciprocated it.

Mr. Fulton: Naturally, coming from British Columbia as I do, I am delighted to hear that people from other parts of Canada want to come there. However, I do not see why our immigration should be at the expense of any other part of the country. I should like to be sure that proper efforts are made so that immigrants will be directed initially to those parts of Canada where employment opportunities exist. I hope that will be done.

There is one other related problem upon which I should like a report from the minister, and that concerns the shortage of farm labour in British Columbia. I find that during the course of one of the minister's speeches, oddly enough in the course of a speech delivered in Edmonton in November, 1955, on the future of the Canadian Indians, the minister said:

As minister of immigration, I know we face a long-term shortage of farm labour in Canada,

which we have been trying to meet through immigration, but which is becoming increasingly difficult to satisfy with newcomers from abroad.

I should like him to say a word on that. I took it up with him by correspondence recently in connection with the situation in the farming area of my constituency. I should like to know specifically what is being done to meet the problem through overseas recruitment. Perhaps the minister would say a word also regarding the assistance which is paid in connection with the long rail journey in Canada itself.

Mr. Pickersgill: I am afraid, sir, that this is an economic question. We have tried one source after another of potential immigrants for farm labour, but as hon. members who are farmers know, the competition for labour in this country in recent years has been very acute. As we do not impose any restrictions upon the immigrants, our experience has been that they tend to leave the farms and go into other employment. We do, of course, provide this rail assistance as far as Winnipeg in the hope of distributing them more evenly throughout the country. The debt is cancelled if they stay on the farm for a year, but it has not proved to be much of an inducement. It is, I am afraid, a really appallingly difficult problem.

I do think there may be some possibility—we tried this year but we started a little too late, and we are working on it—of encouraging some of the German farmers who have crossed from East Germany into West Germany to come to Canada. Since all the land is taken up in West Germany they cannot go into agriculture there and we are encouraging them to come to Canada for a year or two as farm labourers with the view eventually to becoming farmers. They were mostly people who were substantial at home and of course would not contemplate a career as farm labourers. This may help to alleviate the situation for a while.

I am very hopeful, and here I am putting in a plug for another branch of the department, that by the training courses which we have started on the prairies for Indians and which I hope to see extended across the country, we can encourage an increasing number of young Indians to be interested in farm labour with a view eventually to some of them becoming farmers. This would be a transitional stage from the more primitive life they live to life in our more urban society.

The farm labour problem is a difficult one, and I do not think we are going to find any solution to it through immigration, though we will work as hard as we can to get as many as we can to meet the demand.

Item agreed to.

Immigration branch—

68. To provide, subject to the approval of treasury board, for trans-oceanic and inland transportation assistance for immigrants, including care en route and while awaiting employment, $450,000.

Mr. Fulton: Would the minister say a word as to whether it is here we should look for some increase as a result of the expansion of the assisted loan passage scheme?

Mr. Pickersgill: I was wondering whether, before we proceed to item 69 which is the beginning of Indian Affairs, we could take items 610, 611 and 612 of the supplementaries which relate to the immigration branch. It is item 612 to which the hon. member for Kamloops refers.

Mr. Fulton: Then the minister will make his statement on the supplementaries.

Item agreed to.

Immigration branch—

612. To provide, subject to the approval of treasury board, for trans-oceanic and inland transportation assistance for immigrants—further amount required in order to provide for transportation and other assistance to immigrants and settlers from April 1, 1956, $2,255,000.

Mr. Pickersgill: There is a supplementary item here of a very substantial amount, $2,255,000, which is to provide additional funds for assisted loan passages, to provide for family assistance and also to provide any additional funds that may be required for assistance during the first year that immigrants and settlers are in Canada. I should like to draw attention to the word "settlers" in this item, because I think it might be of some interest to hon. members to know that this year it was discovered there were a certain number of Canadian citizens, particularly in the United Kingdom, applying to come to Canada. It had never occurred to them that they were Canadian citizens until they were asked where they were born and it turned out that they were born in Canada. Their families had either gone back to the United Kingdom during the depression or, in a few rather sad cases, had been deported. These people, being Canadian citizens, were not immigrants under the law and we could not do anything to help them.

It is true that my colleague, the Secretary of State for External Affairs, has a fund to help distressed Canadians, but they were not distressed. They just wanted to come to settle in Canada. The whole situation seemed utterly absurd and I took the risk, after speaking to one or two hon. gentlemen in the opposition, of authorizing an assisted passage loan for one or two of those people. No

money has been paid or was paid until this item appeared, but I assumed everyone in parliament would agree that they ought to be included.

Mr. Fulton: What expenditures have been made from this fund to date?

Mr. Pickersgill: This is just a supplementary item to 68 in the regular estimates.

Mr. Fulton: Is item 68 in sufficiently general terms to apply?

Mr. Pickersgill: No, the item in the supplementaries reads:

To provide, subject to the approval of the treasury board, for trans-oceanic and inland transportation assistance for immigrants—further amount required in order to provide for transportation and other assistance to immigrants and settlers from April 1, 1956.

Mr. Fulton: What I was asking is, what amount has been spent so far as a result of broadening the terms of assistance?

Mr. Pickersgill: I think it would be difficult to segregate as between the two items, but there has been a great expansion in the expenditures. I have not the figures, and I do not think there are any figures available since April 1 that would be sufficiently valid to be worth giving to the committee at this stage. I do know the expenditures are rising.

Mr. Fulton: We have had four months since April 1, and I was wondering if a comparison with what we spent on this—

Mr. Pickersgill: I shall try to answer that question on my departmental administration item. This is something I would not have here.

Item agreed to.

Mr. Pickersgill: I think first of all I should ask whether it is the wish of the committee to take citizenship or citizenship registration or Indian affairs next? It does not matter to me.

The Deputy Chairman: If I might volunteer an opinion it would be considerably easier for the table if we took them as nearly as possible consecutively.

Mr. Pickersgill: We shall proceed with Indian affairs, then.

Indian affairs branch—
69. Administration, $484,147.

Mr. Charlton: Mr. Chairman, I have a matter I would like to bring to the minister's attention. I have had some correspondence with his departmental officials concerning the matter of the burial expenses of non-Indian indigents on reservations. In this case there is a funeral parlour on the reservation. On previous occasions these costs have been met by the council through some fund or other. There have not been too many of these occurrences, but there are two cases existing at this time. The undertaker cannot get the money for the burial expenses.

As I have said, the expenses have been paid on two or three previous occasions, but in the present instance payment has been refused on the ground that there is no means by which payment can be made from the band funds. It seems to me that this is a foolish attitude to take, because after all what do you expect the band council or the undertaker or anyone else to do with a dead body?

Mr. Pickersgill: I am baffled.

Mr. Charlton: These people have to be buried and someone has to take the responsibility. Just because these people happen to be non-Indians living on reservations—

Mr. Pickersgill: This is a non-Indian?

Mr. Charlton: Yes.

Mr. Pickersgill: Well, Mr. Chairman, I must rise on a point of order. I did not understand the hon. gentleman was referring to a non-Indian. I really do not think that on my estimates I should be expected to answer questions concerning the burial of non-Indians who happen to be living on Indian reservations. It seems to me that is completely out of order.

Mr. Fulton: Well, the Indians would not think so.

Mr. Pickersgill: A body of that sort would surely be a provincial matter, sir.

Mr. Charlton: Strictly speaking it might be out of order but I would suggest, sir, that if the minister continues to hold his present attitude he will some day be very embarrassed, because someone has to pay these expenses.

Mr. Pickersgill: We all have to die sometime.

Mr. Charlton: That is perfectly true, and there are worse places to live and die than on an Indian reservation; I will say that much. If it so happens that an a non-Indian marries an Indian girl and lives on a reservation and experiences tough luck during his lifetime and there is no way for his burial expenses to be met at the time of his death, what can be done? In this case because the undertaker was soft-hearted he went ahead and provided the man with a coffin and gave him a decent burial, and now there is no way in which he can be paid. I think this is wrong, whether the person involved is an Indian or a non-Indian.

Mr. Pickersgill: Mr. Chairman, I suggest that the hon. member should bring the matter to the attention of the provincial department of welfare. This matter certainly has nothing to do with the Indian affairs branch or any other branch of the Department of Citizenship and Immigration.

Mr. Weir: The hon. member knows that.

Mr. Charlton: No, he does not know it.

Mr. Pickersgill: Mr. Chairman, I have raised a serious point of order.

Mr. Fulton: We simply cannot have corpses lying around on a reservation and the minister disclaiming responsibility.

The Deputy Chairman: Order. I wish to speak concerning the point of order that was raised by the minister. As I understand it the hon. member for Brant-Haldimand is indicating to the committee events that have taken place on Indian reserves. The minister says that he and his administration are not responsible for the consequences of these particular actions and that of course is as far as the minister can be compelled to answer; but I do not think the hon. member is out of order in drawing to the attention of the committee at this time deaths or other occurrences which take place on Indian reserves when we are discussing the administration of the Indian affairs branch.

I can only repeat that the minister has stated he has no responsibility, and he cannot be compelled to answer further than that. However, I cannot at the moment rule out of order a discussion of the situation that has arisen and which I take it the hon. member is indicating in his opinion is a matter for which the department should accept some responsibility.

Mr. Charlton: Thank you, Mr. Chairman. I certainly feel this does not fall under the jurisdiction of the provincial administration, on the reservation at Brantford. The federal department maintains justice on reservations and the provincial department has absolutely nothing to do with the administration of Indian reservations.

I think it is time that something was done about non-Indian indigents living on Indian reservations. If the department is not prepared to provide these people with a decent burial if they happen to die on a reservation, I am wondering if the department considers that these people are supposed to crawl off the reservation before they die.

I fail to understand why payment should not be made in this case, because it has been made before. The undertaker gave this service in good faith and had no idea that the expenses would not be paid. When he presented a bill for two funerals he was advised that the bills would not be paid. If the undertaker had been advised that his expenses would not be met he could then have chosen to perform the burials and taken his chances on collecting his expenses, but he was not so advised.

I think the minister should stretch a point and undertake to see that the present bill is settled, then advise the undertaker that such expenses would not be met in the future. Because of the correspondence he has had with the departmental officials in this regard the undertaker is aware of the department's attitude concerning payment and will be able to govern himself accordingly in the future. I do not know what the minister is going to do if some day he receives a phone call and is advised that a non-Indian indigent had died on a reservation and the people there are wondering what to do with the corpse. If this occurs he will have another problem on his hands.

Mr. Jones: Mr. Chairman, I would like to take a few minutes in which to draw the attention of the minister to what I consider unnecessary delay and red tape in settling Indian affairs; particularly estates, which sometimes run on for years, and rental leases and so on.

The worst case of delay in my riding concerns an irrigation canal which was built through the Indian reserve in 1919. I have in my hand the file which I received a month ago containing correspondence between the Indian affairs branch and the provincial and federal governments concerning the case I have in mind. I intend to quote briefly from these letters in order to give the whole picture of this scheme that was commenced 37 years ago. In this instance the Indians were to benefit as a result of the sale of certain land, but to this day they have not received a penny.

I might point out that under the project I am discussing the water conveyed through the ditch on Indian land has built up flourishing communities such as Oliver and Osoyoos, which are located in that area. The ditch was put in to provide water under an irrigation scheme for veterans after the first war, and millions of dollars have been added to our national wealth through the use of this water and the development of this land.

As I said, I intend to quote briefly from these letters in order to sketch in the background for the minister, because he may not be aware of it. I have in my hand a letter dated June 19, 1919, addressed to Hon. Arthur Meighen, minister of the interior at Ottawa, part of which reads as follows:

I understand that the inspector of agencies at Vernon is to make a report at once, and thereafter, I presume, you will be able to give us your decision without delay.

This is with reference to the transfer of Indian lands to the provincial government. I continue:

We have made you an offer of $10,000 for the tract in question, but I suppose, if the locusts are as bad as your dominion entomologist reports, that this would be a high figure.

I go on to another letter in that year addressed to Mr. Pattullo by Mr. Meighen which refers to the letter of June 19, and which he states has not been replied to. It reads in part:

I might say that the deputy superintendent general of Indian affairs informs me that he, during last month, asked our inspector to make an immediate report as to the advisability of making portions of the Indian reserve south of Okanagan lake available for returned soldiers and he hopes to have a reply very shortly.

Then the next one is dated July 23, 1919 from the minister of mines.

Mr. Pickersgill: Unless the hon. gentleman wants to put this on the record, may I say that I have seen this correspondence and I agree that the matter ought to be straightened out. I agree thoroughly with the hon. gentleman and we are trying to do it.

Mr. Jones: The minister has indicated that he is aware of it. It is a disgraceful way to treat Indians, to make them wait 37 years for money which was promised them in 1919. Nothing has been done, and the latest letter of January 5 of this year, addressed to the deputy minister of lands and forests at Victoria by the Indian commissioner for British Columbia reads:

I wish to acknowledge with thanks your letter of December 22, and copies of an exchange of correspondence with Chief Manuel Louie. I have requested our superintendent at Vernon to assure Mr. Louie that our negotiations with you are proceeding satisfactorily and that there is no need for further correspondence on his part.

It started 37 years ago. Here is another letter addressed to the assistant to the deputy minister of lands and forests by the Indian commissioner for British Columbia under date of February 29, 1956:

I am wondering if any progress has been made with regard to the above since your letter of January 31.

This matter has, as you know, been outstanding for many years and I am afraid that if a settlement is not effected at an early date the Indians concerned may change their minds, leaving the problem still with us.

The whole file is of the same nature. Personally I feel that the department has been absolutely incompetent in dealing with the Indians. The original price was $10,000, and then the land area was cut down. The Indians now demand $7,500. Although the land has become very valuable the provincial government offered only $5 per acre with 25 cents severance allowance. I think it is time these Indians were given the full protection of the department in order that they may collect what I consider to be a fair and just demand, that is roughly $7,500. Actually that is only interest on the original $10,000 which was offered to them 37 years ago. I hope the minister without any delay will see that some action, legal or otherwise, is taken to obtain this money for the Indians. I let it rest at that because the more I read the more disgusted I become with the conduct of the department.

Mr. Pickersgill: Since this matter has been drawn to my attention I have been pressing to have it settled. While the hon. member was speaking I received a note to the effect that the commissioner of Indian affairs has just been advised that a meeting has been called for August 14 with the minister of agriculture in Victoria to bring this matter to a conclusion. I hope sincerely it is brought to a conclusion. I do not know whether it is possible for us to take legal action in the matter, as I am not a lawyer and therefore would not be able to say, but certainly I can assure the hon. gentleman that we will push hard to get this thing settled both quickly and satisfactorily.

Mr. Jones: I want to point out that I am not blaming the present government in Victoria, as I do not think it is their fault. This matter has recently been drawn to their attention. I do blame this government for being slack.

Mr. Pickersgill: Perhaps I should reply to the question asked by the hon. member for Roberval on the immigration item.

(Translation):

Following my visit to the Pointe-Bleue reservation, last June, I instructed the officials of the Indian affairs branch to complete their survey on the school situation and the condition of the road as quickly as possible.

Mr. Knight: Hear, hear.

Mr. Pickersgill: I understand that a report will shortly be submitted.

Mr. Byrne: Thank you very much.

(Text):

Mr. Small: Mr. Chairman, the hon. member who has just spoken referred to a matter in connection with Indians which has remained unsettled for 37 years. The matter I have in mind is not that old, although it has been before the department for the last two years. There have been conflicting statements about the present position.

The hon. member for Yorkton has had a question on the order paper in regard to the Caughnawaga Indians, in which he asks for information from the St. Lawrence seaway authority and the Department of Citizenship and Immigration. At one time we had a statement from the minister that everything was all right, that everything was in order; on the other hand we had a statement from the reserve stating that the Indians are not satisfied. Then we had a statement by the chairman of the St. Lawrence seaway authority that everything was fine, that they were paying for the land owned by the Indians and they were happy about it. Then about a week or so ago we saw a band of Indians in full ceremonial dress up here to interview the minister and everything is supposed to be all right.

I do not know whether it has been done deliberately, but this information has not been brought down although the notice has been on the order paper for three months. There is still no satisfactory statement about it, and I wonder if the minister could tell us what the situation is in regard to the land taken from the Caughnawaga Indians.

Mr. Pickersgill: Mr. Chairman, I would be pleased to give a summary of the matter. When it was determined that the route of the St. Lawrence seaway would be such that it would be necessary to take some land from the Caughnawaga reserve, the normal procedure in ordinary circumstances would have been to apply to the band council of the reserve and attempt to get an understanding about the surrender of the land. That is what we would do in Ontario or any province west of Ontario.

Under the law as it was decided by the privy council, if there is to be a surrender of Indian lands in the province of Quebec, or in certain other provinces east of Quebec, the residual right of the province comes into play. Therefore it was impossible to proceed in the way in which we proceeded on the Blood Indian reserve, when land was required a few months ago for a canal across that reserve. It was impossible to proceed in that way; therefore it was necessary for this parliament to give the St. Lawrence seaway authority power under its act to expropriate.

Such expropriation would, of course, extinguish all rights, the right of the federal crown as trustee for the Indians, the right of individual Indians, and whatever residual right the province may have. At the time this was done a meeting was held with the then council of the band of the Caughnawaga Indians. It was explained to them what would be required, and a committee was set up by that council to discuss with the representatives of my department all the problems that would arise in providing individual compensation to individual holders.

In addition to that, of course, it was my view and it is still my view that, over and above compensating individual Indians for their individual holdings, there should be some compensation to the whole band for having this canal in front of the reserve. In other words, an Indian reserve cannot be treated like other property; there is a communal interest as well as series of individual interests. The way this was carried out was that the St. Lawrence seaway authority made an over-all offer to me in my capacity as superintendent general of Indian affairs and representative of the crown in this context, and I said I could not accept any offer finally until I had first reached an understanding with the individual holders, because I felt that the St. Lawrence seaway authority must pay the full cost of the compensation and that we must not have to come back to this parliament for a vote to provide for a residual amount. Therefore it was impossible for me to make a final settlement with the seaway until settlements had been made with the Indians individually and collectively.

We have set about making these individual settlements and a considerable number of them have been made. In the middle of that process, some weeks ago, an election was held. Most of the councillors were defeated, and a new council was elected. The new council came here accompanied by legal advisors and had an interview with me. If I remember rightly, they were elected on July 4, and they had an interview with me some little time after that. At that interview they made a number of representations. The first was, of course, that the reserve was inviolable and that it was not competent for this parliament or for anybody else to take any part of it. I said that was a point on which I just could not agree with them; that there had been no challenge to the validity of the legislation passed by this parliament; that I could not admit that the reserve was inviolable; and that if they felt as a council that they wanted to challenge this legislation they would have to challenge it in the courts.

I suggested to them that I did not think we could stop history and that I was quite sure the seaway was going to be built. I also suggested very strongly that I believed very firmly that when this canal is completed and all the work is done the reserve will be in a much better state than it is at the present time. I have repeatedly given assurances in the house, and I repeat them now with the

full authority of all my colleagues, that if after the negotiations are completed or fail to be completed with individual holders there is any individual who does not feel that the offer he has been given is adequate, the case will be referred to the exchequer court—I do not think it could be taken in the ordinary course to the exchequer court but it will be referred to it—and the value determined in that way. These negotiations are still proceeding, and the last report I had was that settlements were still being made.

I have every reason for believing—in fact, I believe very strongly—that these are thoroughly adequate settlements, and I would not agree to them if they were not. I also feel that it is very important to get certain advantages for the band as a whole. I am carrying on discussions with the St. Lawrence seaway authority, which are not completed, in that regard. One of the things they are doing that is going to add very considerably to the value of the reserve is that there are a number of swamps virtually in the village, and these swamps are being filled in at no cost to the Indians and made useful land for building purposes. The shore, in many ways, is going to be improved. There is going to be an area where the Indians will have access to the river, where there will be a beach and some other amenities.

I admit that people, whether they are Indians or not, do not like to be disturbed. They do not like to have their homes taken and have these changes made. That is true not only of the Indians of Caughnawaga; that has been the experience of the Ontario government, I believe, in places nearer than that. But I think all of us realize that some of these things have to be done. The important thing is that there should be full and complete compensation given to the Indians for everything that is done to their detriment.

The seaway authority is making provision for water intakes and sewer outlets from the canal. There is no proper water or sewage system in the village at the present time, and I certainly am very hopeful that I can persuade the council of the band that it would be desirable to have that kind of improvement. Of course it is not going to be forced upon them.

On one point I believe it is not possible to meet them at all, and that is on the doctrine of inviolability.

In any case most of the land has already been taken, so the only thing that could result, if they should challenge the legislation at this late date and be successful, would be to get damages or have the seaway diverted to another place. I do not think any of us would believe that is very reasonable, and I hope that as time goes on the Indians themselves will feel that this is not a reasonable attitude and that it is not constitutionally correct, as I do not think it is.

I do not know whether I have answered all the hon. gentleman's questions, but if there are any more I should be glad to try.

Mr. Small: The minister spoke a minute ago about the Indians' claim of inviolability of their property. Probably the approach has not been right, as far as the Indians are concerned. He made the statement that you cannot stop the progress of history; but, at the same time, neither can you blot out the past history that belongs to that particular piece of property. I do not think the band is objecting too much to having their property taken away from them. One can understand, as the minister has stated, that no one likes to be moved off his property, but consider the history of this land. It is a property which goes back to the time of His Christian Majesty of France in 1680. They did not like the land allotted to them as a reserve because it was not arable land, and they were then granted this piece of land by His Christian Majesty. The Jesuit fathers of a later day claimed the land was granted to them, and it ended up with a proclamation by General Gage awarding the land to the Caughnawaga Indians. All this is history having a particular bearing on the land they own. Whether it was under a French king or under an English king the land still remained crown property to which the Indians have a right that has been given to them by treaty and as the minister said, it has not been surrendered.

Mr. Pickersgill: It cannot be surrendered.

Mr. Small: It can only be surrendered to the crown.

Mr. Pickersgill: No, it cannot. Perhaps I did not make myself clear. If the reserve had been in Ontario instead of Quebec the Indian band could have surrendered the property for sale to the St. Lawrence seaway authority in return for a consideration, but because it is in Quebec, if the Indians surrender it then it reverts to the provincial crown. That is why there had to be special legislation passed by parliament to enable it to be expropriated. They can make a surrender but they can only make a surrender to the province. That is the situation.

Mr. Small: What I am trying to bring to the attention of the house is that it has been the history of the Indians down through the years that everyone who has dealt with them has always ended up by giving them the

wrong kind of deal. They have always received the short end, and it is natural that down through the years the Indians have become suspicious. You cannot blame them for that. I might read from the royal proclamation of 1763. I shall not read the first part but just the last:

> And whereas great frauds and abuses have been committed in purchasing lands of the Indians to the great dissatisfaction of said Indians; in order, therefore, to prevent such irregularities for the future and to the end that the Indians may be convinced of our justice, and determined to remove all reasonable cause of discontent . . .

Even though this statement by His Britannic Majesty is nearly two centuries old its effect should be observed today. When the matter was before the house last year I think the hon. member for Notre Dame de Grace asked a question of the Minister of Transport with regard to the expropriation. I did not think "expropriation" was the right word. It was a case of them being compelled to give up the land, because after all the riparian rights to the land still belong to the crown irrespective of who owns the land. But the minister stated that while the lands were being expropriated they were only going to be used for the time being, until the seaway was in operation, and that they would then be returned. Then he paused and went on to say that did not necessarily mean to say they would be returned to the Indians. To whom are they going to be returned? Are they going to be put up for sale or transferred to the provincial authority for highways, or what is going to be done?

The point I am trying to get before the house is that in dealing with the Indians they should be entitled to the same kind of deal as a white man. The white man would be holding out for the highest price. Is it not the duty of the Indian affairs branch in looking after the interests of the Indians of the Caughnawaga reserve to hold out for the best deal they can get, and to see that the Indians get a square deal for a change? In land transactions today real estate operators are making fortunes in buying and selling property. In this case the Indian has inherited land which has come down to him through generations. He is proud of it and wants to remain there. He does not want to be removed. If he is going to be removed he would like a little more land added to his reserve to compensate for what is taken away. Surely he is entitled to get the very best price for it.

The matter of the crown is not in question. It is just a matter of how these Indians have been treated. The Caughnawagas are part of the Mohawk nation. They belong to the old Iroquois confederacy that gave yeoman service to the British crown and the French crown. This particular branch, the Caughnawaga tribe, did not give allegiance to the British crown but gave their allegiance to the French crown. Because of their allegiance to the French crown and their particular case I think they are entitled to a little more consideration than other Indians who surrendered their reserve lands in the past.

Mr. Pickersgill: I should like to say one very brief word. I quite agree with the hon. gentleman that the Indians are entitled to more consideration than white people. So far as the individual property is concerned, I do not think the particular Indian is entitled to any better deal than any other Canadian citizen with similar property, but because they live on a reserve I think the band is entitled to some consideration as well, and that is precisely what they are getting here.

It so happens that I went to Caughnawaga myself one Monday and I happened to buy a *Gazette* in the central station, Montreal, before I went to the reserve. I read in it a letter from one of the people who lived just outside the reserve complaining about the deal he had got from the St. Lawrence seaway authority, and he said, "I do not want a million for my property; I just want to be treated as well as the Indians."

Mr. Castleden: With regard to my motion for the production of papers, I would agree with the minister in this respect, that the Indians do require special attention. They are not like ordinary citizens who can go and obtain property in other places. Reserves were set aside for these people by treaties. Many of the treaties are 50 or 100 years old or even more.

I think those treaties should be honoured. The right of the Indians to maintain and defend the rights granted to them under the treaties should be honoured. Since the Indians are looked upon as the responsibility of the department, I think the department should undertake to see that the rights of the Indians are maintained; and if access to the courts is not available then it is the department's duty to see that these rights are maintained. The only difficulty, of course, would be that the department would be hiring counsel to fight a case against another branch of the government.

I do think that the matter of the treaties and the rights of the Indians under those treaties should be thoroughly settled, and the band should be informed of their position. What bothers these people is that they feel they have certain treaty rights, and there is no one there to tell them what rights they

are and where they stand with regard to them at the present time. In many cases they do not understand. I also agree with the minister that because the St. Lawrence seaway development has necessitated the taking of some 1,200 acres from the reserve the settlement should be a proper and just one, and in this case I think the Indians are entitled to just a little more than the people in the surrounding districts because of the special circumstances under which the Indians live.

I think it is a wise thing to see that the band gets an extra grant. Does the band get an extra grant as a band for the expropriation of the 1,200 acres, or is a portion deducted from what each individual receives?

Mr. Pickersgill: I can answer that very easily. We are attempting to make settlements for individual holders that are just as good as the settlements for individual holders off the reserve. Nothing whatever is deducted from what they get. In addition, the band is to get a substantial amount.

Mr. Castleden: That grant comes from the seaway corporation?

Mr. Pickersgill: Yes. The seaway has to pay the whole shot. After the new band council came to see me in the parliament buildings some time in July I spoke to Mr. Chevrier. I said, "They have a new council, and there are some of these people who do not really understand what has gone on in the past. They question whether you have not taken more land than you really need, and they also resent some of the surveyors who have been on the reserve because they claim they were not properly authorized." There were several complaints of that sort. I said, "Would you go down yourself and meet with the band council and take your best engineer with you and explain why you need all this land, what it is for and what you are proposing to do?"

Mr. Chevrier went there on the first day on which he and the band could agree, which I think was about four days later, and he spent the whole evening there. The director of Indian affairs went with him. I have every reason to believe from the reports that have reached me, that a good deal of the misunderstanding was removed on that occasion. One thing is that a certain amount of this land was taken for temporary installations while the canal is being built, but when construction is completed that land is going to be cleared and given back to the Indians in a better state than it is now. Another thing which apparently they had not all understood is that several swamps right on the edge of the village are going to be filled, in order to make good building land. I think the hon. member has been to Caughnawaga and knows of the topography there. When this whole operation is completed I feel that not only will there be generous compensation but that the village and the reserve will be a better place for Indians, and that is what ought to be.

Mr. Castleden: I agree with the minister in that. I would suggest to the minister that had he done that in the first place; had he given the Indians some explanation of what was going on and if a better explanation had been given by the authorities, we would have avoided a great deal of misunderstanding and trouble, and certainly a great deal in the way of hard feelings. The fact is that these people felt they were being imposed upon, that somebody was imposing his will upon them. That was a bad thing for their morale.

The incident that brought the matter to our attention was the fact that here was a proposition that had been carried on, a big construction project, and before any settlement was made some of the Indians found big drag line and excavation machinery in the backyard toppling over their homes. No settlement had been made. Scarcely any efforts had been made. I think it was a case of maladministration. I believe a little bit of foresight might have prevented much of the bad feeling and misunderstanding which was created.

I still think the department would do a great service to the Indian people if they would go to such bands, go with them over the original treaty, give them explanations, let them know what are their rights and where they stand, and recognize their rights. If they wish to appeal to the courts and take their case there, I think the right of access to the courts should not be denied them.

The other thing I wanted to mention was this. Suppose an individual Indian was given some kind of offer for his land. From some of the reports I have received rather unofficially, they were sort of like scribblings on a piece of paper that had no final standing whatsoever. Where an Indian was given to understand that a certain amount of money was to be made available to him for his property and he was not satisfied with it, to whom should he appeal? I understand that you had representatives of your department who were on the reserve throughout the whole matter. But the Indians found that the same people were on the appeal committee as were on the committee that was making the original offer. I refer to your departmental representatives. The result was that the Indians felt that

they were making an appeal to persons who were interested in the first place in making the offer.

As to the settlement of such cases, I do not know how many cases there are going to be where people are not going to be satisfied with the settlement. I was glad to know that after some negotiation, where these people did not wish to make a settlement for the amount of the offer an opportunity was given to them to receive an advance so they could settle in some other homes when it was possible for them to do that. I think on the whole a great deal of misunderstanding could have been avoided if the Indians had been taken into the confidence of the department, of the departmental officials and of the seaway authorities. Wild stories were going around. They were wondering what kind of a deal they were getting, and there seemed to be no one to whom they could appeal for any element of justice. They were not told what the deal was. They were not told who this authority was. They were wondering whether somebody was just moving in on them. Not knowing what the situation was they were naturally afraid that they were going to be exploited.

We are going to be following the settlement of the whole matter, and we shall see that justice is done. But the position the Indians themselves are in is a natural one. They feel resentment. First of all they feel incompetent to deal with the situation, and they feel that there is no one to whom they can appeal for justice. They feel that the departmental officials are biased in favour of the government and of the authorities. I think that is what has caused a great deal of the trouble. If returns had been made in the house and if the Indians had been given the necessary explanation, I think it would have helped a great deal to straighten out the matter.

Mr. Pickersgill: I should like to say just a word about that matter. No doubt we made the great mistake of consulting the government of the band and not the opposition. But there was consultation from the very first day with the seaway authorities. Mr. Chevrier himself went there in the very early stages. There has been complete consultation with the duly elected authorities throughout. But what happened was that there were two parties on the reserve. In July there was an election and the opposition got in.

Mr. Fulton: That will happen here next time.

An hon. Member: Don't be so optimistic.

[Mr. Castleden.]

Mr. Pickersgill: As soon as that happened and as soon as it was indicated to me that the new band council wanted to see me, I saw them at once. I listened to everything they had to say; and I may say that I went a great deal longer without my lunch then than I did today in order to do that. In the end I think the Indians were at least satisfied that they had been given a decent hearing. I arranged this meeting with Mr. Chevrier. We intend, of course, as is the right thing to do, to deal in the same way with the new council as we did with the old one. I do not know how else you can carry on this consultation except with those who are elected by the band. Things will probably be better now that there has been a recent election.

I do not think it is fair to the officials who have been carrying on this work, or to Mr. Chevrier and the seaway authorities to give the impression that there was not consultation. The fact is that there has been the fullest consultation at every stage. It so happens that there are many people who have property at Caughnawaga who do not live there but who live in other parts of Canada or even in the United States, who may not have been fully informed because they were not at home when these consultations took place, and who may have had reason to feel that they were not informed. However, the information was given through the regularly constituted authorities.

Mr. Small: Does not the genesis of the trouble lie in the individual deals that were made, or the first offers that were made to members of the band? Was it not in the fact that some Indians sold at a rather low price for their property; other Indians waited for five or six months, and got a much better price than the one they were originally offered for the sale of their land? Was that not the cause of most of the trouble?

Mr. Pickersgill: No, I do not think so.

Mr. Castleden: This is the administration item of the Indian affairs branch. It is not my intention at this time to go too much into the administration of the whole set-up. However, there is one matter in which I am particularly interested and I think it is fundamental to the establishment of these people as Canadians and their integration as part of the Canadian people.

I refer to the matter of the education of the Indians. I have the departmental report before me. I might say that the situation now is a great improvement over what it was 10 or 15 years ago, having regard to the

standard of education. The number of students receiving high school education has greatly improved. The record, however, is still fairly bad looking.

I see that, as may be found at page 76 of the departmental report, the number of students is given in the various provinces. In British Columbia, with about 31,000 of Indian population, you have about 175 students in high school or taking high school courses, and that is at any rate a great improvement. In Alberta, with 15,000 there are about 70; in Saskatchewan, with 18,000, about 77; in Manitoba, with 19,000, about 78; Ontario with about 37,000 of Indian population, about 200; and Quebec, with 17,000, about 15 attending high school.

I was wondering what the departmental policy is with regard to continuation schools and the education of Indians there. Is the department still carrying on the schools under the inspection, let us say, of the provincial government?

Mr. Pickersgill: Yes.

Mr. Castleden: Is there any move under way or any intention to take any part of this work and try to make arrangements or provision for them to provide the facilities? Has the government in mind any change?

Mr. Pickersgill: I should be glad to make a brief statement on this subject.

Mr. Castleden: I think it would be very helpful.

Mr. Fulton: I do not want to be the one to raise points of order on the minister's estimates, but I had hoped to have something to say on education.

Mr. Pickersgill: Perhaps I should delay that until we get to the education item.

Mr. Fulton: I do not want to be critical, but perhaps my hon. friend might wait until the education item.

Mr. Castleden: If the minister will make a statement on that item, it will be all right.

Mr. Pickersgill: I shall be glad to.

Mr. Blackmore: Before we leave entirely the item which covers the St. Lawrence seaway and the treatment of these Indians, I wonder if the minister has given any thought to the possibility of acquiring 1200 acres somewhere else which the Indians could have to look upon as theirs, so it could be said that none of their original holding had been taken from them. I have spoken several times on this matter in the house and I have discussed the matter with the minister, who has, I must say, always been extremely sympathetic and ready to do anything that could be done. I gathered from him on one occasion that he saw numerous practical difficulties in the way of obtaining the land, but I think it is a fundamental principle that reservations should be held inviolate. If there are occasions like this one on which it becomes necessary during the development of the country that some of this land should be taken, then an equal amount of land, of equal value and in just as good a location, should be acquired somewhere and given to the Indians to make up for the land which has been taken away. My feeling is that whether or not the Indians of this generation wish to dispose of the reserve, it is our duty and responsibility to those who will come in the future, 75 or 100 years from now, to see that the reservation is held inviolate for the descendants of those people who are now on the reserves. Would the minister make a comment on that?

Mr. Pickersgill: I would be pleased to, sir. We did consider that very carefully and it would not, of course, be possible to duplicate the land. We would have to take some other land somewhere else. It just so happens that a large part of the reserve is unoccupied and has always been unoccupied. It is our feeling we should consult the council of the band, and if necessary the band itself, because my own opinion would be that the money would be better spent in improving what they now have and making some of that land more valuable and more productive rather than in extending the amount of land.

I know the hon. gentleman is thinking of Alberta and of some of the things we have done there where the Indians are engaged more in rural pursuits. The acquisition of more land is often very important. However, these Indians on the Caughnawaga reserve are not engaged in agriculture to any considerable extent. My feeling is, subject to their views of course, that the money could be better spent in improving what they have rather than in getting more acres, but we intend to consult them about it.

Mr. Blackmore: Could the minister tell us why it is that this land on the Caughnawaga reserve has not been used by the Indians? Is it because the land is not suitable for agriculture, or because it is heavily forested, or is there any other particular reason?

Mr. Pickersgill: I suppose it is part of that urbanization that is characteristic of this whole continent, and perhaps of the whole western world. Apparently these Indians can climb to dizzy heights that I could never hope to reach, and make a great deal more money than they could by cultivating their acres.

Mr. Blackmore: The reason I bring the matter up, Mr. Chairman is that it was impressed upon me when we were in the Indian affairs committee that there is a constant temptation on the part of certain Indians to acquire a piece of land of their own and to seek to dispose of that land to advantage to a white man. There is an incessant pressure upon the part of the white man exerted upon almost every reserve to get into that reserve and get a piece of land and make it the land of the white man. I think that is all to the bad. While we are in a sort of process of flux, changing from one type of life to another, I think we must be exceedingly careful that nothing of that sort takes place on any reserve.

Item agreed to.

Welfare of Indians—

73. Operation and maintenance, $2,638,947.

Mr. Holowach: I have just a few remarks on item 73. The question of our treatment of the Canadian Indian is one in which we are all very interested. I should like to express myself on that point. It seems that the attitude of the public and their concern is insufficiently reflected in the administration of the affairs of the Canadian Indian. This item gives us an opportunity to express ourselves, to point out ways and means of improving the plight of the Canadian Indian and giving him a better deal than he is apparently now receiving.

This is not a political matter. In the last little while we have heard various speakers call for more honourable dealings with the Indians. I especially admired those speeches that were made by various members who are close to the problem, in which they tried to bring out the facts as they really are. In the main it is a rather sad story, and I think one that should give the white man a guilty conscience. We print statistics, write articles and give lectures on our accomplishments so far as the Indians are concerned. It seems to me that as legislators we should not be satisfied with our past accomplishments until such time as the health, sanitation, opportunities for local self government and self determination of the Indian is more equal to those enjoyed by the white people of this country. The Canadian public know that is not the case today, and they insist that we do something about it, because it is a matter of concern to everyone who values social justice and recognizes that we do have responsibilities to these people.

Let us look into this a little deeper. Over the years we have spent millions in order to build up the economies of other countries. During the past five years we have spent over $128 million on the Colombo plan. Just a few days ago we voted another $34,400,000 for that same plan. In addition, since the war we have spent over $4 billion to help the economies of certain countries. Those are fine humanitarian acts, but it seems to me we should follow the moral principle that charity can be exercised better at home through helping these people. I do not understand why we cannot make available to them some of the great surpluses of food and clothing we have in this country. It seems incredible that in a country such as ours, when we are enjoying an unpredecented prosperity, many of the 155,000 Indians in this country do not know what it means to be out of want. The various articles we read in the newspapers draw our attention to the shameful situation.

The minister will recall that last year Jack Deakin wrote a series of articles for the Edmonton *Journal* which revealed that shameful situation. I should like to read a few comments that are pertinent to this debate.

Mr. Pickersgill: I do not know whether the hon. gentleman recalls, but I was in Edmonton some time after that and I pointed out that there were some rather serious inaccuracies in those articles. I admit that conditions are not what we would like to see them, but I think the writer of the article, whom I met after that time, himself conceded that some of the things were not quite as they appeared in that article.

Mr. Holowach: I quite appreciate what the minister has said. Nevertheless he will admit that much of what appeared in these articles were facts. This editorial reads:

> Canadians are generally aware that this country's treatment of its Indians makes a shabby story. Nevertheless, we imagine that the series of articles by Jack Deakin which the *Journal* has published in recent days will come as a shock to most of our readers. Mr. Deakin has been visiting the Indian reservations in northwestern Alberta and he reports appalling conditions of hunger, squalor, disease and general misery—far worse than anything to be found in the southern and central parts of the province.
>
> In the more thickly settled areas, conditions on the reservations become widely known, and the various bands have friends to take their part and insist that matters be improved. The northern tribes, on the other hand, are truly "forgotten men". Few know of their plight; outsiders are seldom in a position to help; and so far as the federal Indian affairs department at Ottawa is concerned, indifference seems to reign supreme.

The article continues in this vein:

> The miserable state of the northern Indians is often blamed on their own laziness or incompetence, but there is no evidence that this is so. Like many primitive peoples, they have been overwhelmed by changing conditions, with which they cannot cope without help. Their ancestors lived solely by hunting, trapping and fishing, but with the advance of civilization and the depletion of the game, this way of life can no longer support

them. Yet the government, whose wards they are, is doing little to fit them for other methods of gaining a living. Inevitably, we now find them living in the extreme of poverty, in miserable shacks or tents, without adequate clothing or blankets, undernourished, often sick, and in many cases dependent upon a thoroughly inadequate and unbalanced relief ration. The only agency of the federal government which is genuinely helping them is the medical service; but even here its work seems to consist in taking adults and children to hospital, curing them if possible and then sending them back to the conditions which caused the illness in the first place.

It is my feeling that we should approach this matter as one that is deeply human, in addition to recognizing that we have a legal responsibility by reason of the various treaties we have signed with the Indians. I wonder why we should not give them a brand new deal. I suggest to the minister that he prepare an all-embracing program that has been carefully worked out and submit it to the house at the next session, one that will also rewrite some of the game laws which apparently are operating to the disadvantage of the Indian.

As was mentioned by the hon. member for Lethbridge I feel that in any over-all consideration of improving their plight we should certainly retain the reservation as a sanctuary for the Indians. On the basis of some of the information we have received with respect to what is being done on those reservations I am led to say they are nothing more than glorified concentration camps. I urge the minister to make an improvement in their program in order to restore some respect and dignity to these aboriginal people.

Item agreed to.

Indian affairs branch—

Education—

77. Administration, operation and maintenance, $9,678,096.

Mr. Pickersgill: Mr. Chairman, I promised the hon. member for Yorkton that I would say something on item No. 77 about the educational program, and I shall try to make this just as brief as I possibly can.

It has been the view of the department for some time that the best way to educate Indian children is in the same schools with other children, and wherever it is possible to make arrangements with the local or provincial authorities on any reasonable terms that is what we are now trying to do.

The second best way, if the other is not feasible, is to have day schools wherever the Indians live a sedentary life and where the home conditions are such that they will not be deprived thereby of home influence. We also recognize that there are many nomadic Indians in the north and there are a great many cases where there are unsatisfactory homes, broken families or orphans. The residential schools which have done such a magnificent job over the years will, I am sorry to say, likely have a very important role in Indian education for a long time to come.

As I think the committee knows, the Indian population is growing faster than the rest of the Canadian population, though it is not added to by immigration and it is subtracted from by enfranchisement. This increased population is pressing with a severity that increases with the years upon the traditional means of subsistence. It is imperative and urgent that new ways be found for Indians to make a living.

There has been an increasing stress over the past few years and there will be still more stress in the future on vocational education and on ordinary high school education wherever the pupils are promising. I have persuaded the Minister of Finance quite recently to permit me to establish a system of scholarships for promising young Indians both for high school and university. The present policy in any event is to see that no one is denied the chance to go on to high school if he is properly qualified and the family is willing to have him go. Of course, in the case of self-supporting Indians we do our utmost to encourage them to bear a reasonable share of the cost themselves, but if this is not possible they are not deprived on that account.

I do think this is far and away the most important part of our work in the Indian affairs branch. We have a considerable program for the construction of schools, but we also have a considerable program which is growing every year for capital assistance to ordinary schools within the provinces where Indians are enrolled and for sustaining grants to such schools, in proportion to the number of Indian pupils in those schools. There is no doubt whatsoever about the success of this program wherever it has been tried.

Mr. Knight: Mr. Chairman, I was very pleased indeed to hear the minister express the views he has just presented in spite of his confession—I think it amounted to a confession, though that is scarcely a fair word because it is not his fault—to the effect that the whole system of Indian education as far as success or failure is concerned has simply broken down, if there was ever anything which could break down.

What I mean to say is that the results have been totally and completely inadequate and the Indian education program has been hodge podge, divided as it is between provincial, local and dominion responsibility, and it has not been fulfilling the role for which it was

created. I would warn the minister that some five or six years ago I said in this house almost exactly the same thing he has said, for which I was taken to task by a certain journal in the country and defended by others. I made the terrible mistake in that while I congratulated the residential schools for the fine work they had done in many directions, I went on to say practically the same thing the minister said today to the effect that wherever it is possible it is better to take the school to the Indian than to take the Indian to the school.

My chief reason for saying this is that when a young Indian lad goes to a high school he enters a dream world, a world about which he has heard but which to him has no particular reality. The same is true of the curriculum, which does not permit him to have his education become a reality to him, and he is not able to relate it to the events of his every day life and his habits. The young Indian boy or girl enters his dream world for a year or two and then returns to the conditions which exist on the reserve. These are conditions which I need not describe at this point and which are fully known to the minister and many hon. members of this house, conditions created by economic necessity and by the greed of the white man, who put the Indian on land which would not maintain a gopher. That is so with regard to my own prairie country, and I think the same thing is largely so in the east. There is a situation of unreality. When the young lad or girl goes back to his or her home they meet with the same old conditions, and I am informed that within a month or so or at the most within a year they are back in the social habits that prevail on the reserve.

I certainly hope the minister's ideas will be carried out and that there is a greater contact between the two races. It will have a considerable effect upon the Indians which is not possible when the children are sent away to residential schools, quite often some distance away. When Indian boys and girls go to schools where they can come in contact with other children, with children—we may be right or wrong in this—of what we consider a better type of civilization than that of our red brothers; when they come in contact with these different social habits, that contact is translated into a form of education for those children. In my opinion that is much more valuable than the academic training they may be given.

I could talk on this subject for a long time. For instance, I could talk on the curriculum of the Indian schools and what it should be. I am one who has never admitted that vocational training is in fact actual education. It is true it is part of education, but I have always refused to see vocational training as education. One of the events of my life was the opportunity I had to study the education of native peoples in Kenya, the Rhodesias and South Africa. I admit I changed my mind somewhat in regard to those primitive people, but that is all. While there I saw the value of vocational training among primitive people.

Wherever possible I am in favour of having the Indian attend the same public school as his white brother, if possible on a mixed basis. In case I should be misunderstood again, may I repeat that I am not detracting in any way from the work done by the residential schools in various parts of the country. But I do suggest that their function today is not as necessary as it was in past days. We have many new media of education in the way of television and radio; we have quicker means of transportation; therefore I do not think the residential school is as necessary today as when it was first originated.

I should like to see the minister get his estimates through, but may I suggest to him that he would have got them through much faster if he had not made such extensive speeches on almost every item. I want to draw his attention to what has been done in northern Saskatchewan in this regard. The minister of education is carrying out some experiments in connection with Indian schools. He has selected young men who are particularly fitted for this type of work. They are paid extra salaries and are sent up into the north where the schools are literally being taken to the Indians rather than the Indians being taken to the schools. We have reason to believe that that experiment is meeting with considerable success.

I shall close by saying that I am delighted to find the minister has the same ideas that I have had for many years in connection with Indian education. I was taken to task for having them some years ago, but I think that was due to misunderstanding and misquotation. I think the minister is on the right track, and I wish him every success.

Item agreed to.

Indian affairs branch—
Education—

78. Construction or acquisition of buildings, works, land and equipment, $4,441,000.

Mr. Fulton: When item 77 was before the committee I resisted getting into a debate on policy and I am going to try to resist getting into a similar debate on this item, though in view of what has been said on item 77 I must say that I do have definite reservations particularly in connection with this construction item, because in my view there is not sufficient assistance being given to residential

schools in the way of construction. To that extent I must make reservations with regard to the principle enunciated by the minister and other members who have spoken.

While I am not opposed to integrating Indian and white children where possible, I believe that what has happened and will happen to an increasing extent is that there will be a greater emphasis on the building of day schools for Indians, which have a restricted application, with less attention paid to the residential school, which in a vast number of cases is the only school the Indian has an opportunity to attend. What I gather from the minister is that his policy contemplates the eventual extinction of the residential school.

Mr. Pickersgill: I would not think that would happen for a century.

Mr. Fulton: I am glad to hear that, but I think his policy is to concentrate overmuch on the day school aspect at the expense of the residential school. I submit that we must concentrate to a greater degree on improving the facilities and standards available at the residential schools. Had it not been for the residential schools and the sacrifices of those who started them, there would be no Indian education at all.

Mr. Pickersgill: I could not agree more completely.

Mr. Fulton: They ran them with practically no support, and now they are being more or less condemned. When compared with the standards at which they should be maintained they are most certainly being abandoned and left in an almost derelict fashion. We should have a sense of proportion in these things, and we should concentrate to an equal degree, if not to a greater degree, on maintaining and improving the facilities at the residential schools and not exclusively on improving the situation with regard to day schools.

There are some questions I should like to ask with regard to the residential schools at Kamloops and at Lytton. There is a big program under way at Williams Lake, and I do not think I have too much criticism to voice in that connection. The residential school at Kamloops is most anxious to extend its high school facilities. That is the only school available to Indians over a very large area. The residential school at Lytton is an old-time school, and it has rendered outstanding service.

Mr. Pickersgill: That is perfectly true.

Mr. Fulton: They are starved for adequate accommodation. I would ask the minister to give us some assurance that their needs will be taken care of in the very near future.

Mr. Castleden: Would the minister also give an explanation of the item of $200,000 in the supplementary estimates for operation and maintenance under welfare?

Mr. Pickersgill: Yes.

Mr. Harris: Mr. Chairman, I wonder whether you would find it convenient to take the chair so I might ask leave to revert to the introduction of bills and move first reading of the tax agreements that were referred to this morning.

Progress reported.

Mr. Deputy Speaker: Has the minister leave to revert to the item "introduction of bills"?

Some hon. Members: Agreed.

CANADIAN-UNITED STATES TAX CONVENTION ACT

Hon. W. E. Harris (Minister of Finance) moved for leave to introduce Bill No. 451, to amend the Canada-United States of America Tax Convention Act, 1943.

Motion agreed to and bill read the first time.

INCOME TAX

AGREEMENT BETWEEN CANADA AND WEST GERMANY FOR THE AVOIDANCE OF DOUBLE TAXATION

Hon. W. E. Harris (Minister of Finance) moved for leave to introduce Bill No. 452, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—
Education—
78. Construction or acquisition of buildings, works, land and equipment, $4,441,000.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Pickersgill: Mr. Chairman, before the adjournment I promised to deal with a couple of questions asked by the hon. member for Kamloops. One was with relation

to our plans for high school facilities at Kamloops. I might say that we have something like $120,000 committed for expansion there. The details of the plan of expansion are being worked out at the present time. At Lytton we are planning to spend about $7,000 for repairs including painting, repairs to the roof and renovating of the plumbing, which I understand is very badly needed.

Mr. Fulton: On the second item, is there anything for provision of new teacher accommodation? That is one of the pressing problems there.

Mr. Pickersgill: I am afraid my own experience with building would suggest in my mind that you could not build much living accommodation for $7,000, but I shall look into that question.

Mr. Barnett: I should like to say a few words on this item, because during the discussion of Indian affairs I feel that with respect to education and the facilities that are being provided we have heard quite a bit of some of the problems that exist. In my opinion there are also some fairly bright spots in the country, and as far as I am concerned the program of participation in construction adopted in one area in my constituency is really beginning to show some fruits. I am thinking particularly at the moment of the Alert Bay area, where in my opinion almost a complete transformation is under way.

I might tell the committee that the Indian affairs branch has co-operated with the Alert Bay school board in the construction and operation of a school there which is used both by children of Indian origin and all others in the community. The last figures I noticed showed that the school population was something like 100 Indian children and 80 some odd children of other origins. That does not include the younger Indian children who are in a day school operated by the department. In addition, I think it is interesting to note that the old residential school is being used not for school purposes but for residential purposes for children who come from the smaller reserves somewhat more remote from that centre.

I must say it has been something of a joy to me to see the transformation even in the last 10 or 11 years since I first had the opportunity to see what was taking place with respect to the younger Indian population in that area. There is an almost complete mingling of the various elements of that community. I was particularly interested in the suggestion of the minister, actually on an earlier item, that it is his intention to supplement what is being done in that direction by increased opportunities for vocational training and for scholarships. I have been somewhat concerned as to what some of these young people were going to find to do in that area. For that reason I am glad the minister has announced that policy and I hope it will be carried into effect as rapidly as feasible.

Until the hon. member for Kamloops mentioned his interest in what was going to be done with respect to a couple of schools in his area I was a little puzzled by his reference to what he claimed, as I understood him, was a disparity between the emphasis being placed on help for residential schools and help for day schools. Actually the amount in the estimates under this item seems to be more or less evenly divided between the two types of Indian schools.

Mr. Fulton: But there are more residential schools, and they have been there longer.

Mr. Barnett: That may be so in some areas, but I felt I should like to take a few minutes to tell the committee that at least in the one area I have mentioned specifically the program the minister was discussing is in my opinion paying off quite well, though it may not be perfect in every detail yet.

Mr. Diefenbaker: What are the general plans for construction this year? Would the minister say what the plan is for Saskatchewan and how much is going to be spent on the various reserves in the construction of buildings or the building of roads and the like?

Mr. Pickersgill: This has to do only with schools.

Mr. Diefenbaker: Is this item 78?

Mr. Pickersgill: Item 78, and it has to do with education.

Mr. Diefenbaker: As a matter of fact, as it appears in the public accounts it has to do with the construction or acquisition of buildings, works, lands and new equipment. It includes far more than schools.

Mr. Pickersgill: I think if the hon. gentleman will look at item 74 passed some time ago he will find that refers to other construction.

Mr. Diefenbaker: Oh, yes; that is the earlier one.

Item agreed to.

Mr. Pickersgill: Perhaps we could now take the citizenship items, sir.

Mr. Fulton: That is all right with us if it is all right with the chair. I understood we were going to go through to the end and then revert.

Mr. Pickersgill: I really regard the national gallery as something almost separate from my department, so I suggest we might take the citizenship registration branch and then the citizenship branch.

The Chairman: Is that resolution 58?

Mr. Pickersgill: No; 59.

Citizenship—

59. Citizenship registration branch, $398,265.

Mr. Hamilton (Notre Dame de Grace): Perhaps the minister would indicate whether he would like us to discuss the actual granting of citizenship to prospective citizens under the registration branch or under the citizenship branch proper.

Mr. Pickersgill: Registration is the proper item, and I should like to boast that we had about five times as many people become citizens in 1955 as in 1954.

Mr. Hamilton (Notre Dame de Grace): Under this item I should like to say first that I think Montreal has been well served in the past year and a half by its new citizenship court. The backlog in that city, which was so very great, has been largely eliminated as a result of the establishment of the court and people seem to get their citizenship papers without much difficulty. However, there are occasions when in dealing with the work of the department, which conducts so much of its operations in camera, unusual situations come to light. Many of these, as was demonstrated in the case of the immigration branch, are matters where somebody cannot get from the department what they want and they therefore begin to complain about it.

It is unusual, however, when we find a situation in which someone has obtained from the department what they want under circumstances which, to say the least, are somewhat peculiar. In a situation like that the person, having obtained her wish, is not going to complain about it. The department is not going to bring in any question of procedure they may have followed previously. The only hope—and it is an unusual one—is where a citizenship application is opposed by someone else, namely by some private citizen. I do not know how often this happens, but it certainly is an unusual situation. That is why a particular case has come to my attention which causes me some little concern because it casts doubt, first of all, upon certain ways the minister has of dealing with things and, second, upon certain of the procedures which are being followed in the citizenship court itself, when a case is opposed.

I am going to quote from certain actual court documents in this case, Mr. Chairman. In the very beginning I think the point should be made that the purpose of the citizenship court, the purpose of any such court in Canada, is to act in an advisory capacity to the minister.

Mr. Fulton: The purpose of the citizenship court.

Mr. Hamilton (Notre Dame de Grace): The purpose of the citizenship court is to act in an advisory capacity to the minister. It is his responsibility to make decisions, as shown in section 10 of the act. Since this case has been fairly widely publicized, we need have no hesitation in naming the individual. It is the case of Madame Giovanna Elisa Feltrinelli. I give the minister that information now in the beginning, because I know he is familiar with it and I want him to follow my argument.

Why this application for citizenship by Madame Feltrinelli was opposed is of no concern to this house. It is one of those things where there is a possibility of many millions of dollars being at stake. It is a highly complicated matter. Be that as it may, certain people saw fit, within the provisions of the citizenship act, to oppose her application.

On what grounds did they oppose it? They had various grounds, many of them complicated. But I should like to put forward one set of circumstances which they brought to the attention of the court in Canada and which show sometimes just how curious can be the minister's decision.

As we know, the citizenship act in section 10 specifically calls for an applicant to reside continuously in Canada for a period of one year immediately preceding the date of application. Here is the evidence signed by the president of the court of Canadian citizenship. Far from being in Canada during most of this past year, we find that this particular applicant has led a very pleasant life. Actually it is a very pleasant life in Canada too; let me say that at once. But she has led a very pleasant life in other parts of the world. In his reasons for the decision the president of the court of Canadian citizenship says in part:

> Has she resided in Canada for at least one year immediately preceding the date of her application, that is from December, 1954 to December, 1955?
>
> She made one trip to Geneva, Switzerland, on January 27, 1955, and one trip to London and Italy in March, 1955. These trips were made by plane from New York. She also made a short trip to New York for a day or so on December 1, 1954, and January 10, 1955.
>
> It is explained that the applicant was obliged to travel extensively both in Switzerland and in Italy by reason of opposant's actions.

From April 25, 1955, to December 3, 1955, the petitioner lived aboard a yacht owned by the Merida Company, an incorporated company under the laws of the province of Quebec flying British and Canadian merchant marine flags.

I intersperse this remark here in order to point out that that is a seven-month period during which this woman resided on a yacht. Later in the reasons for the decision we find this.

During this period the yacht travelled in the Mediterranean sea where stops-over were made when necessary.

She had to be in Rome and London on the 7th, the 8th, and the 9th of July, in relation to opposant's actions.

From October 3, 1955, to December 16, 1955, the petitioner had to go to New York to consult with her attorneys and on October 28, 1955, she had to be in Rome to see her attorney.

Good heavens, Mr. Chairman, I have gone over this record three or four times and I cannot see where she possibly could have been in Canada at all except when she flew in for a day or two and then went right out to go to Geneva or to Rome or back to her yacht and the Mediterranean.

Mr. Diefenbaker: An itinerant Canadian.

Mr. Hamilton (Notre Dame de Grace): Then, of course, when she had satisfied the requirements of the act, according to the way in which she looked at it, the judge finds as follows:

Since December 16, 1955, that is after the filing of her petition, the petitioner has mostly lived in Italy to look after proceedings, to make necessary appearances in court.

Then finally the judge of the court says this, and it is interesting in the light of what I have read:

It is the opinion of this court that the absence from Canada during the year preceding the application are sufficiently explained and that, in law, the applicant may be considered as having resided in Canada during the year preceding the date of her application.

An hon. Member: What is the name of the judge?

Mr. Hamilton (Notre Dame de Grace): Paul Fontaine is the name of the president of the court of Canadian citizenship.

Mr. Diefenbaker: How did she get her mail?

Mr. Fulton: Which mail?

Mr. Hamilton (Notre Dame de Grace): That is only one of the several reasons why these people felt justified in opposing the application for Canadian citizenship of this particular lady. As I have said, there are a number of other reasons, many of them more complicated and which I am not going to go into at this point. Let us for a moment at this point think how tough it would have been or, I should say, how tough it is for some people who do not have yachts in the Mediterranean or who do not get over to Rome every two or three months, who cannot fly down to New York to look after some of their business affairs, to get into Canada, and get their citizenship—

Mr. Pickersgill: It is sometimes tough also for those who have boats.

Mr. Diefenbaker: What is this, the voice of experience?

Mr. Hamilton (Notre Dame de Grace): —and how easy it seems to be in this particular case, Mr. Chairman. The only person I can think of who got into Canada as easily as this, under somewhat questionable circumstances, seems to be Hal Banks, the vice-president of the Canadian seamen's union and he was jet propelled by this department as well.

An hon. Member: You mean he missed the boat?

Mr. Hamilton (Notre Dame de Grace): When I talk about jet propulsion, that is exactly what happened in this case. We all know that normally there are delays following these applications for hearing, for a week, two weeks or a month. No one expects, of course, to do business on the same day on which the application is made. But Madame Feltrinelli apparently has an inside track. She applied for her naturalization on December 16, 1955 and on March 16, 1956, after a lapse of the statutory minimum of three months to the day, her case was heard by the citizenship court. Perhaps I should congratulate the minister on such marvellous precision, and I would if I thought everybody had obtained the same treatment.

Mr. Pickersgill: It is not at all unusual in that court.

Mr. Hamilton (Notre Dame de Grace): Unfortunately I know from my personal experience that they do not.

We now come to another interesting point. I do not know whether or not the minister knows this, but he certainly should. According to my understanding these citizenship courts are supposed to be very similar to courts of law. They certainly are not supposed to be star chambers. Yet on the statement of this lady's attorney I am informed that the attorneys opposing this citizenship application were excluded from the court-room when the case was being heard. To the best of my knowledge if a person is opposing an action in any other court, the person who is opposing has a right to have his attorneys in the court. Here they were specifically excluded. The note I have here is very specific and very clear on that particular point.

There is a sidelight on this. In the course of these star chamber proceedings the court heard certain evidence. When it handed down a written judgment it said, in part, that in the course of her examination the petitioner admitted that she had no permanent residence in the city of Montreal, and that she was actually domiciled at Stanbridge East, Missisquoi county, province of Quebec. We all know that the citizenship act specifically requires that these proceedings take place in the area where the applicant is domiciled.

This matter was referred to the minister, because any debate involving the jurisdiction of the court may be and should be decided by the minister. Finally the judgment of the court declared that the court had jurisdiction even though the court also declared that the applicant had never had a residence in the district where the court did have jurisdiction. This action is specifically in opposition to the provisions of the act. These things and many others were brought to the attention of the minister by correspondence and telephone calls, but despite this at the very earliest possible opportunity the certificate was signed. Let me give the date, Mr. Chairman, because it is interesting. The certificate was processed and signed here in Ottawa on April 28. April 28 was a Saturday when government offices normally are closed. I ask again, why this particular treatment for this particular applicant?

Then we come back to Montreal, and part of the process of citizenship is that the person is to take pride in obtaining this citizenship and accept it publicly. In this particular case the applicant was sworn in all by herself at what seems to have been a secret ceremony on the morning of April 30. In other words, her certificate was processed and signed in Ottawa on Saturday morning. It was rushed down to Montreal and through some unknown means of communication the applicant turns up and has a special session for the presentation of her certificate on Monday morning. Those are rather startling facts.

Finally, following this particular case along to show what happens when the minister is sympathetic with one, and perhaps when you have made particular arrangements—I would not know—the attorney for the person who is opposing this application for citizenship had become more and more frustrated. He had interviews with the minister but did not seem to be getting anywhere. He had interviews with the minister's staff. There seemed to be misunderstanding. He was getting sympathy in one direction and then nothing was happening. Finally he wired the minister. The wire is dated May 22, 1956, and reads:

> I have what appears to be evidence pointing to perjury in Feltrinelli matter. Are you interested in having this evidence?

A couple of days later he received a reply from the assistant registrar of the department, who said:

> I have been instructed by the minister to acknowledge your telegram of May 22, 1956 and to inform you that any evidence of perjury you may wish to submit concerning the application for Canadian citizenship of Mrs. Giovanna Elisa Feltrinelli will be given careful consideration.

The attorney writes back to the assistant registrar who had sent him this letter. I shall not read the letter because it is long, but in effect he says that he feels he has had so much difficulty at various levels in the department in getting an understanding on this case that he wants a firm, definite undertaking from the minister and then he will submit to the minister, and to no one else, the evidence in order that the minister must accept responsibility for it. Perhaps I should read the letter into the record, Mr. Chairman. It is from Nathan A. Levitsky, the solicitor for this opposant, and it is addressed to Mr. W. M. Haugan, assistant registrar, Department of Citizenship and Immigration:

> I have your letter of May 24 which came in reply to my telegram of May 22 addressed to the Hon. J. Pickersgill, Minister of Citizenship and Immigration.
>
> You will remember that on a previous occasion an agreement was made for a certain course of procedure; this agreement was made in your office in the presence of Mr. Duggan, Mr. Manion, yourself and myself; this agreement was breached by your department without denunciation or explanation. Coupled with the foregoing is the fact that the Feltrinelli certificate of naturalization was signed on a Saturday, a non-business day (theoretically your offices are closed), and was delivered to Mrs. Feltrinelli in Montreal at a secret session of the court on the following Monday morning in violation of section 33 of the citizenship act.
>
> On another occasion Mr. Pickersgill told me (and Mr. Manion subsequently confirmed it to me) that the minister would not interfere with a judgment of his subordinate.
>
> Revocation of the Feltrinelli citizenship, pursuant to section 19 of the citizenship act, requires the recommendation of the minister to the governor in council: I am afraid that if I submit the evidence to anybody but the minister that a decision will again be made below the minister's level and that the minister will again feel that he does not want to interfere with the decision of a subordinate. Frankly, I am worried that if I submit the information on perjury to anyone less than the minister that the same person or persons who literally railroaded through the Feltrinelli citizenship will again work behind the scenes and present the minister with another *fait accompli.*
>
> Please do not interpret anything in this letter as being directed to yourself. I am fully aware of your suggestion for calling in Mrs. Feltrinelli's passports in order to obtain the data on her

residence in Canada and it was an excellent suggestion: Unfortunately it was never followed through. I therefore come to the sad conclusion that I am not willing to deliver up the evidence to anyone but the minister because I want the responsibility for action or inactivity to rest squarely and solely on his shoulders in order that he may implement the provisions of section 19 of the citizenship act.

As you know I am a member of the bar for 18 years, I have a serious practice, and when I tell you that I have what appears to be evidence pointing towards perjury, I make the statement on the full knowledge that the allegations are serious and the consequences to Mrs. Feltrinelli are serious. What I have to say and submit should therefore be taken seriously. I urge you to take this matter up with the minister in order that he may assume a very serious attitude towards this unwholesome and unfortunate situation. I shall be glad to submit my information to him personally.

The letter is signed by Nathan A. Levitsky.

I do not think it is possible to be more definite than that. What did the minister do? The minister replied by letter which was read to me today over long distance telephone from Montreal, and I took it down. There is an opening paragraph which is a reference to the correspondence, and then the letter goes on to say:

If you are satisfied that the information and material in your possession would support a charge of perjury you are, of course, free to take appropriate action in the courts.

The information and material on the department's file does not warrant any action in this matter at this time by this department.

The letter is signed by the Minister of Citizenship and Immigration himself. That is the story, Mr. Chairman, with perhaps one little addition.

The attorney in this case is so sure of his facts, is so sure that the government has carried on this case in a sloppy, ineffective and dubious way and that it does not know what justification there is for granting this citizenship that he wrote a letter addressed to the clerk of the privy council which says in part:

I will give $100 to the Ottawa children's hospital if the Department of Citizenship and Immigration can tell with accuracy the exact dates of Mrs. Feltrinelli's residence in Canada since December 16, 1951. I think that you will agree with me that any sovereign state should normally have this information before extending to an alien the privilege of its naturalization; . . . I will give a further sum of $100 to the Ottawa children's hospital in the event that subsequent information will indicate that Mrs. Feltrinelli spent more than six months in all in Canada from December, 1951 to December, 1955. The best way of course of ascertaining this information is by requesting Mrs. Feltrinelli to submit the passports which she had during the past five years.

An hon. Member: This is a terrible case, isn't it?

[Mr. Hamilton (Notre Dame de Grace).]

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I heard a sotto voce observation to the effect that this is a terrible case. Let me say that what I have presented tonight is only a fraction of the case. I did not want to confuse the committee with the mass of information that is available in this particular case. It is one of those cases where millions of dollars are at stake, the background extends over a long period of time, and many other factors have entered into it including a question of perjury in the United States and a question as to whether a certain individual had applied for admission into Brazil. These and many other questions enter into this particular situation.

However, Mr. Chairman, two facts which I have put before this committee tonight stand out stark and clear above everything else. One is that here is a person whose application for citizenship was expedited and put through in an almost miraculous way, despite the fact that practically every week of the required period of residence in Canada was spent outside Canada and seven months of it were spent on a yacht in the Mediterranean. The second fact that stands out clearly is that this court in Montreal excluded during the major part of its hearings and during its examination of the applicant the representatives of those who had opposed the application.

The material I have here is also in the minister's file. It has been placed in my hands by the attorney representing those who are opposed to this application. I have given a brief resume of this case to the committee. I conclude, Mr. Chairman, by simply asking these questions. Has this department now reached a stage at which, in addition to all the other things that seem to affect its reasoning, entry into Canada can be facilitated for an individual who is rich and made difficult or impossible for one who is poor? Can the obtaining of citizenship in this country be made a matter of instantaneous decision for one who has enough money to be in a position to spend the better part of a year on a yacht in the Mediterranean and thus establish her requirements for citizenship while, as we know, thousands of people without these monetary advantages wait a matter of weeks or months for this same purpose? And finally, have we reached a point where a minister of the crown in full possession of facts such as these and with a full knowledge of the procedures carried on by the court in Montreal will refuse to intervene and refuse to act?

When this information was first brought to me I was told the story verbally by a man who came to me and said that he was unable

to get anywhere with the department. I refused to believe his tale, and the reason the documentation here is so complete and extensive is that I insisted at every stage of this case that it be documented in this fashion. The story is almost unbelievable even if it were to occur in any country, let alone a country with a government that is so fond of speaking about democracy.

Mr. Crestohl: Mr. Chairman, would the hon. gentleman permit a question?

Mr. Hamilton (Notre Dame de Grace): Yes, certainly.

Mr. Crestohl: It appears to me as though the entire facts of the case pivot around the question of perjury. There is only one authority that can establish whether or not perjury was actually committed, and that is the criminal court of the jurisdiction where the alleged perjury is deemed to have been committed. Can the hon. gentleman tell the committee whether this complaint of perjury was brought to the attention of the criminal courts and whether there was a conviction for perjury?

Mr. Hamilton (Notre Dame de Grace): I shall be delighted to answer that question in this way, Mr. Chairman, and I think it is a specific answer. The minister's letter which recommended that a charge of perjury be brought before the courts is dated July 26, 1956. The telegram I read to the committee which was the first indication is dated May 22, 1956. Obviously within that framework it would be impossible for the case to have been brought to court up to this point. I would like to ask one further question. Have we now reached a point where the government is asking private citizens to do its work for it?

I cannot agree with the implication in the question which was directed to me, because here is a case where, when an individual comes forward and says, "Within the framework of my knowledge I have evidence to show that perjury was committed in applying for this citizenship," the government officials reply by saying, "We do not want any part of it; if you do not like it go to court". In my estimation, Mr. Chairman, that is the government's job and not the job of the person opposing the application.

The Chairman: Shall the resolution carry?

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, is the minister not going to offer some explanation?

Mr. Pickersgill: I thought somebody else had something to say about this case. I have very few things to say because the hon. member for Cartier disposed completely of the case. There is not the slightest evidence of perjury in the possession of the government. Simply because some interested party alleges perjury is no ground for the government to assume that there was perjury, until a competent court decides accordingly. There was nothing that it would have been proper for me to do in that case, I am quite confident, because I had the advice of the law officers of the crown before I made that reply. It would be a gross invasion of provincial rights for a minister without any information to attempt to direct the laying of a charge in the criminal court in connection with a matter in which he had no direct interest.

Mr. Hamilton (Notre Dame de Grace): Will the minister assure me that residence on a yacht for a year and a half or for years preceding an application for Canadian citizenship is sufficient in his eyes, that you do not have to reside in Canada at all? If you have enough money you can live on a yacht plying the Mediterranean or travel down to Tahiti or anywhere else in the world as long as it happens to be flying the Canadian flag? That constitutes residence in Canada?

Mr. Pickersgill: It is quite obvious that such questions of fact are decided by the courts. The minister is not a court of appeal on questions of fact. We granted 58,000 certificates last year and if the minister had attempted to constitute himself a court of appeal on matters of fact there would not have been very many granted if there had been many contested. It is quite absurd to suggest that the minister should attempt to determine these questions of fact.

Mr. Fulton: Is it not strange that exactly the opposite position was taken this afternoon by the minister in connection with matters of immigration, when the minister stated that his position was one of a court of appeal to review not questions of law but questions of fact? This is the most extraordinary minister with whom I have ever had any dealings. He tells us this afternoon that he takes one position and one role, takes it with a glibness and assurance which astounds us, and then later when it suits his convenience and his political purpose he takes another with glibness and assurance which is even more astounding.

He says he took the advice of the law officers of the crown with respect to the matter of perjury. One may respectfully disagree with the opinion of the law officers of the crown on that particular question; but be that as it may, I should like to ask the

minister if he took the opinion of the law officers of the crown as to the propriety and completeness of the proceedings upon which the granting of citizenship was based. He had all sorts of information in his possession which would raise questions, but it did not occur to this minister at that stage of the proceedings to submit the matter for the opinion of the law officers. It was only when it became personally inconvenient for him that he submitted it for their opinion, and he asked the law officers of the crown as to whether it was proper that counsel for the opposants were not admitted to the hearing of the case in which the opposants were interested and where the right of opposants to appear is granted. Yet their counsel were not admitted.

Why did not the minister ask the opinion of his law officers or the officers of the Department of Justice? Why was it only when it became inconvenient and embarrassing to the government that they asked for the opinion of the law officers? That may be convenient for the purposes of the government but that answer will not satisfy this committee, and it will not satisfy people who have any semblance of regard for the rules and principles of justice as applied to the case mentioned by the minister.

Mr. Diefenbaker: I think we ought to have a few answers from the minister, particularly to the questions that have just been raised by the hon. member for Kamloops. Will the minister say whether it is proper that counsel for those contesting the citizenship application should not be allowed to be present when consideration was being given to the question of granting of citizenship? Is not that the very essence of that kind of administrative tyranny about which parliament has a right to speak out and speak out directly and definitely.

Why the haste? This is a case where a woman who was an itinerant traveller for a portion of five years suddenly within 48 hours felt it necessary to have a certificate of citizenship granted. It was not on a non-juridical day, but it was on a Saturday when the government offices are not open. Why was the office opened on that day in order to permit this unearthly haste of granting the citizenship on the Monday? This is certainly a most unusual case.

Mr. Pickersgill: Not in the least unusual.

Mr. Diefenbaker: Nothing unusual?

Mr. Pickersgill: Nothing unusual; not in the least, I may say.

Mr. Diefenbaker: I am talking at the moment—

[Mr. Fulton.]

Mr. Pickersgill: It is unusual when there is misrepresentation.

Mr. Diefenbaker: The minister says it is not an unusual case. That is the kind of thing that worries me. If it had been just one flagrant case; if it had been, to use a parliamentary expression, an oderiferous one, one of those subterranean cases; if it were not an astonishing case in the department of citizenship—

Mr. Howe (Port Arthur): I think if we are going to discuss this case some of the rest of us ought to know something about it. This is a particular case mentioned by the hon. member for Notre Dame de Grace who says a man came to him. What was the interest of that man? Was he trying to keep Canada pure and Canadian citizenship on a high level, or did he have some other interest? Let us have the whole story.

Mr. Hamilton (Notre Dame de Grace): I did explain that, but the minister may have been otherwise engaged. I shall go back over it. I am glad the minister brought up the question. The man who came to me was an attorney for the person who was opposing this application for citizenship.

Mr. Pickersgill: On what grounds?

Mr. Hamilton (Notre Dame de Grace): I am coming to that. I made it quite plain to the committee that this was an unusual case. First, it was being opposed, as so few cases are and, second, it was being opposed almost certainly because millions of dollars were at stake. When millions of dollars are at stake it becomes necessary that everybody do things properly and in accordance with the law. Under those circumstances—

Mr. Howe (Port Arthur): The man who came to see you represented these millions?

Mr. Hamilton (Notre Dame de Grace): Wait until I am through; let me make my statement.

An hon. Member: What's a million?

Mr. Howe (Port Arthur): I am trying to find out what the interest of the hon. member is.

Mr. Hamilton (Notre Dame de Grace): Under those circumstances it was quite proper that the attorney should be heard. When they could not get that satisfaction they went to the minister and ran up against the stone wall which the minister erects at times. Then they came to the only people left in Canada who could and would bring their case to the attention of this house, and that is the opposition.

I might say in passing that this was not just the private property of the Minister of

Citizenship and Immigration. A letter was addressed to the Minister of Justice under date of May 3, 1956, outlining most of the details of this case as they existed up to that point, and a copy was sent to each member of the cabinet. Therefore it came right into the hands of the gentleman who asked me about this and stated that he knew nothing about it until this morning.

Mr. Fulton: It sounds like the Frank McMahon offer.

Mr. Howe (Port Arthur): Since we have mentioned a great fortune, is it to the advantage of Canada that she should not be admitted to citizenship or that she should be admitted to citizenship? Let us get the whole story.

Mr. Hamilton (Notre Dame de Grace): I am delighted at the minister's question. I view this not as a particular case, as to whether it is to the advantage or to the disadvantage of Canada that a particular individual is given citizenship. I view this as a case where the rights of every person anywhere in this world applying for Canadian citizenship are at stake and where, by extension, the rights of every Canadian are at stake. Let me further point out that the rights of the Canadian lawyer himself to be heard in a court of law are clearly at stake in this particular case.

Mr. Howe (Port Arthur): Pure altruism.

Mr. Hamilton (Notre Dame de Grace): The Minister of Trade and Commerce raised the point as to how I view this.

Mr. Fulton: He appears to regard citizenship as a matter of trade and commerce.

Mr. Howe (Port Arthur): I am trying to point out the altruism of the hon. member.

Mr. Pickersgill: Perhaps I might point out a couple of facts that the hon. member for Notre Dame de Grace did not think it worth while to mention. First, the competence of the court was challenged twice in the superior court before Mr. Justice Ralston, and he dismissed the challenge in both cases. The hon. gentleman did not think that was a material fact to mention, but it appeared to me to be material. Second, the objector in this case was not a Canadian citizen, nor did the objector have the slightest interest in Canada or Canadian citizenship. This was a private quarrel between litigants in another country, and it did not appear to me that it had anything to do with Canadian citizenship.

Mr. Diefenbaker: Then why the rush?

Mr. Crestohl: I might be able to understand the importance of the case the hon. member for Notre Dame de Grace has brought before the house this evening if he had brought before us one serious reason why this lady should not have been made a citizen of Canada; if, for example, he had said that this lady is a known communist, that this lady has criminal convictions, or that this lady has a record which would make her undesirable as a citizen of Canada. Not a single fact, not one bit of evidence, did he bring to the house to show that this lady was unworthy of Canadian citizenship.

What he did bring to the house, however, were facts which cast wholly unwarranted innuendoes on the judge of the citizenship court in Montreal and on the citizenship officials in Montreal, to exploit a private and personal quarrel between two people about whom I know nothing. To exploit a personal and private quarrel for the purpose of casting unwarranted innuendoes is an act which should be resented by this house, and it is certainly a wholly unwarranted act on the part of the gentleman who made those innuendoes.

Mr. Hamilton (Notre Dame de Grace): To deal for a moment with the observations of the hon. member for Cartier, I do not think that in listening for three years to immigration and citizenship cases brought to this house I have known of a more extensively documented and a more extensively backed single case than the one I have put before the house tonight. Any suggestion that it is a matter of innuendo is one of the most fanciful things. It just shows that the government members have nothing whatsoever on which to fall back in arguing this case, and therefore they wish to call the matter an innuendo.

Regarding the reason the jurisdiction of the court was challenged, the minister himself knows perfectly well that the findings of the citizenship court were specific that this applicant for citizenship—and I covered this in my remarks—did not have residence in the Montreal area where the court was operating. He also knows that the question of challenging the jurisdiction of the court had reference to this fact, and in no respect whatsoever to the facts of the case regarding star chamber proceedings, the residence on the Mediterranean or anything else I have brought forward. It is one of these legalistic businesses in which certain people periodically engage without any direct reference whatsoever and without any doubts as to the facts. The facts exist and the facts cannot be argued against. I should like to ask the minister one question at this point. What answer has he for the exclusion of the opposed attorney from these proceedings in Montreal?

Mr. Pickersgill: I should like to ask the hon. gentleman one question in return.

Mr. Diefenbaker: Are his estimates up?

Mr. Pickersgill: I have no answer to give to the hon. gentleman's question, and I do not think it would be a proper thing for me to give an answer to it. What I did with this application, as I do with other applications, was to consider whether there were any facts which had not been brought before the court which I ought to take into account before I issued the certificate, and I could find none.

I want to ask the hon. gentleman this question. He has come into this house with a collection of material handed to him by a lawyer and he has made a charge against a Canadian citizen, a charge of the crime of perjury, which I imagine, if he had made that charge outside the house, would have laid him open to an action for defamation of character. Surely, if Canadian citizens or applicants for Canadian citizenship are going to be charged with perjury, the proper place to lay such charges is in the criminal courts and not under one's immunity here in the House of Commons.

Mr. Fulton: May I ask the minister a question? Why did he not go outside the house before he made the charge against Mrs. Spalding that she had deserted her husband?

Mr. Pickersgill: I did make it outside the house.

Mr. Fulton: Where?

Mr. Rowe: You made it right here.

Mr. Fulton: I am seeking information of the minister. If he made that charge outside the house, it is outside my knowledge. I should like to know where he made it outside the house.

Mr. Diefenbaker: The minister says that what took place here is what takes place in any ordinary case in his department.

Mr. Pickersgill: Perhaps I could use my own language. What I said was that it was not unusual for certificates to be signed on a Saturday, and it was not unusual to accommodate people who had urgent reasons for such accommodation. Both in the Montreal and Toronto courts we have cases about once or twice per week of people who, for some reason or other, because they want to make a visit to the United States or something, want to get their citizenship quickly. We do our very best to accommodate them, and I think most hon. members would think that was a proper thing to do.

Mr. Diefenbaker: Mr. Chairman, no one can deny that it is a very proper thing to help a citizenship application along, but in this case I think it may be fairly stated that the degree of acceleration is not a common attribute of the department. I should like to ask the minister this question. How many cases of contested citizenship have there been in Canada during the last year?

Mr. Pickersgill: I haven't the foggiest idea, sir.

Mr. Rowe: There must be a lot of fog in that department.

Mr. Diefenbaker: That pretty well describes this department in its entirety.

Mr. Rowe: You are just shovelling fog.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, there are about 50 officials of the minister's department in the gallery. I am reasonably sure that the great majority of them know a great deal more about the details of the administration of the minister's department than he does himself. They are specialists. The deputy minister is there. All these specialists are there. That is where they should be, and we appreciate them staying here until this hour to help the house.

But, Mr. Chairman, they are not serving any useful purpose up there looking down on us doing our work. When the minister reaches the point where he cannot answer a question, then I suggest that the proper place for the appropriate official to be is down here on the floor.

Mr. Fulton: I do not think anyone can get the minister out of his fog.

Mr. Hamilton (Notre Dame de Grace): I am wondering whether the minister would like to ask one of his officials to come down and aid him in answering the question, so we may know how many opposed citizenship cases there were during the past year.

Mr. Pickersgill: The hon. gentleman knows how to go about taking the minister's place, and when he has succeeded in doing that he may do so.

Some hon. Members: Oh, oh.

Mr. Fulton: When are you going to give us the opportunity?

Mr. Hamilton (Notre Dame de Grace): Let me make one other point. The minister made a most unfortunate innuendo a few moments ago to the effect that these charges of perjury were being made in the house by me.

An hon. Member: That is right.

Mr. Hamilton (Notre Dame de Grace): I have read in detail to the house the various correspondence—the privilege was given

to me by this attorney—and the minister knows perfectly well that these charges of perjury were made in the correspondence to him and outside of this house, and that I am merely bringing to the attention of the house something which the minister himself has flatly refused to deal with, accept or give any cognizance to.

Mr. Crestohl: Why does somebody not have the courage to lay a complaint?

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

Mr. Hamilton (York West): You are a corporation counsel.

The Chairman: Order.

Mr. Richardson: I am satisfied to rely upon what my clients think I am. May I ask the hon. member a question? The hon. member and I are citizens of the city of Montreal in respect of which this matter has been considered. Since he has told this assembly that this case is so well documented, is he prepared on his own responsibility to go with me to Montreal tomorrow and lay a charge of perjury in the courts there?

An hon. Member: Why should he?

Mr. Montgomery: What have we a government for?

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, a charge of perjury was made by the attorney in this case. He has come forward and said that he has evidence to support it. He has offered to lay it before the minister and the minister has refused to accept the evidence.

Some hon. Members: Oh, oh.

The Chairman: Order.

Mr. Richardson: I asked the hon. member a question. Answer my question.

Mr. Hamilton (Notre Dame de Grace): I am coming to that. The minister has refused to hear or consider this evidence. When the government of Canada reaches the point where it accepts its responsibilities, even its normal responsibilities, I will be the first person to go beyond my responsibilities, which is far more than I am required to do, and do what the hon. member for St. Lawrence-St. George suggests. At the moment the responsibility lies on the government and not here.

Mr. Fulton: A question has been raised which requires an answer. The minister in the course of his defence, if I may dignify it by that term, has said that some 58,000 certificates of citizenship are granted every year.

Mr. Pickersgill: I said 58,000 were granted last year.

Mr. Fulton: Were granted last year, and that he could not possibly review them all. In so far as that may be urged as a defence, it becomes important for us to know just how many of these certificates were granted after an opposed application, because those are the only ones that the minister would be expected to investigate. We require an answer to that question in order that we may assess whether there is in fact any shadow of reason why the minister should not have investigated this case in spite of repeated requests that he do so. Is the minister prepared to tell us how many opposed applications for citizenship there were in the year 1955?

Mr. Pickersgill: I would be very happy to tell the hon. gentleman if I knew or if anyone else knew, but these cases are heard in county and district courts all over this country from coast to coast, and no statistics have ever been kept of the number that are opposed.

Mr. Diefenbaker: Oh, oh. Foggier than ever.

Mr. Pickersgill: Whether or not the hon. gentleman says "oh, oh" in this sepulchral tone does not matter. A fact is a fact, and there are in fact, no statistics on this particular matter.

Mr. Fulton: Are we to assume that the judges of the county courts, in most cases, or the judges of these two special courts when they report to the minister do not say whether or not an application was opposed and, if it was opposed, what disposition was made of the application?

Mr. Pickersgill: I did not say that at all. I said that no statistics had been kept on this point, because it never occurred to anybody until this evening that it was a point of any importance.

Mr. Fulton: I suggest to the minister that no statistics exist as to the number of opposed applications because there probably has not been one.

Mr. Pickersgill: Oh, yes, there have.

Mr. Fulton: How do you know there are if there are no statistics? You just told us there were no statistics.

Mr. Pickersgill: I happen to know of two or three specific cases.

Mr. Fulton: The minister knows of two or three specific cases. I assume then, Mr. Chairman, that where applications are opposed they come to the attention of the minister.

If that is the case, and only two or three of them have come to his attention, is it not a fair inference that there have only been two or three opposed applications? If so, why does the minister not investigate? Is the minister prepared to come clean with the house and tell us how many opposed applications there have been?

Mr. Pickersgill: I repeat, sir, that I do not know and neither does anybody else. It would no doubt be possible to go through the 58,000 cases if somebody wanted to do it and find out how many had been opposed, but I think it would be a shocking waste of the taxpayers' money and would serve no useful purpose whatsoever.

The objection to this case is a very simple one, and I think the bluff of the hon. member for Notre Dame de Grace was completely called by the hon. member for St. Lawrence-St. George. This woman is charged with a crime. I am not a judge of the criminal courts, and until I am appointed a judge of the criminal courts I do not intend to hear cases that ought to go before the criminal courts. That, sir, really is all I can say. I can repeat it with variations, but that is all it is proper for me to say on this matter.

Mr. Crestohl: The Canadian Citizenship Act has a provision that covers the case raised in the house tonight thoroughly and completely. I should like to quote section 41, which is quite clear. It reads:

> 41. A person who
>
> (a) for any of the purposes of this act knowingly makes any false representation or any statement false in a material particular . . . is guilty of an offence and is liable on summary conviction in respect of each offence to imprisonment, with or without hard labour, for a term not exceeding three months.

I submit, Mr. Chairman, that the precaution was taken in the Canadian Citizenship Act that misrepresentations may be made in applications for citizenship, and if any citizen of Canada or anyone in Canada finds that a false representation has been made in an application for a certificate of citizenship he has the recourse laid down by this parliament, to apply for a warrant of arrest and prove the case before a competent court. Once perjury was established I think the minister would be duty bound to annul the citizenship certificate which he has granted. In this act there is provision for the minister to do precisely that.

I therefore respectfully submit, Mr. Chairman, that the question which the hon. member for Notre Dame de Grace has raised may have some merit; I do not know. But if it has, I say it is an abuse of the privileges of this house to bring this matter before parliament.

Some hon. Members: Oh, oh.

Mr. Crestohl: It is completely out of place. It should have been brought before the courts. When a conviction is obtained, then of course the matter can be dealt with properly. But until a conviction is obtained under the provisions of the act, the entire matter is prematurely before this house.

Mr. Fulton: Has the hon. gentleman heard of a case with regard to infractions of the Immigration Act and other irregularities in that regard now in the courts in Montreal, in which this government, at great expense to the taxpayers of Canada, retained an eminent Liberal lawyer, namely Mr. F. Phillippe Brais, Q.C., as its counsel to investigate the case and, if it was found that charges should be laid, to lay the charges? That case is now before the courts in Montreal. That is the case where the government themselves —and there were civilians involved—felt there had been infractions of the provisions of the Immigration Act as well as other wrongful conduct. They did not say to private citizens concerned, "You must go and lay charges". No, sir; they retained counsel at great expense.

Mr. Crestohl: I am astonished at the comparison. The cases are not comparable. In one case you had an offence committed by government officials.

Mr. Diefenbaker: Is this not a fraud on the government?

Mr. Crestohl: There was no allegation that any offence was committed by a government official for which the government should prosecute. The comparison the hon. member makes is completely out of place.

Mr. Fulton: In the other case there are civilians involved who are being proceeded against. The government did not wait until some civilian laid a charge. But here is the case of a criminal offence within the knowledge of the government if the minister cared to exercise his duties as minister and has heard what was going on.

Mr. Crestohl: The hon. gentleman must appreciate the fact that the minister has declared that in his opinion there is no perjury.

Mr. Fulton: No, the minister has not declared that at all.

Mr. Diefenbaker: No, no.

Mr. Fulton: The minister says he does not yet know whether or not there was perjury. He is not interested.

Mr. Pickersgill: Perhaps the minister might be allowed to say for himself what he said.

Mr. Fulton: That is exactly what he said.

The Chairman: Order.

Mr. Pickersgill: The minister said he had no evidence of perjury.

Mr. Fulton: The minister has said that he is in a fog. He is not prepared to call the departmental officials to get him out of the fog, nor is he prepared to make the slightest effort to remove the curtain of fog which hangs over the whole thing. The only defence the government and its supporters can raise is to say that the House of Commons should not discuss it, that the matter should not have been brought to the attention of parliament and that private citizens, when they find themselves denied their rights in the courts, as this person was denied his rights —he is not a private citizen—with regard to a hearing and being represented by counsel, should make no complaint to parliament—

Mr. Crestohl: He is not a private citizen.

Mr. Fulton:—but should accept the complete indifference of the minister to what is apparently one of the most flagrant violations of the provisions of the act that have come to our attention in many years.

Some hon. Members: Carried.

Mr. Cardiff: I should like to ask the minister a question. What is the duty of the officials of his department if they refuse to answer the questions that have been asked in this house tonight with respect to data that should be on file?

Mr. Pickersgill: I am afraid I do not quite comprehend the hon. gentleman's question.

An hon. Member: Still in the fog.

Mr. Nesbitt: Last year in the committee on estimates that was looking into this department, I believe the minister told us there was a good deal of information that was tabulated but not necessarily compiled. Possibly that might help the matter. But while I am on my feet there is one thing that I should like to ask the hon. member for Cartier, through you, Mr. Chairman. I listened with great interest to his observations on what has gone on this evening. I was rather curious to know what his observations would be as to why counsel for the person who is objecting to this citizenship being granted were refused permission to appear before the court, as was alleged.

The Chairman: Shall the item carry?

Mr. Dinsdale: I have a question that is related to this subject, and I think this is the appropriate point at which to present it to the minister. I was under the impression that there were rigid requirements which it was necessary to meet in order to obtain Canadian citizenship. I understand that one of those rigid requirements is five years in Canada as a landed immigrant.

I raised this question in connection with a matter that I brought to the minister's attention previously, namely the position of certain Polish veterans who have actually been in Canada for nine or ten years. Because they had not been established as landed immigrants, there could be no exception in their case. I have been listening to the evidence put forward in this case, and it would seem to me that there is more flexibility in the interpretation of the act than I had hitherto thought.

Mr. Pickersgill: I think the hon. gentleman has perhaps forgotten or overlooked the fact that at this session we enacted an amendment to the citizenship act, which I had the greatest pleasure proposing, which enabled all those Polish veterans to count that time as part of their residence as though they had been landed immigrants, if they were here before 1949. I believe that practically all of them have now applied for citizenship, as well as quite a number of other people in similar circumstances. It was an unfortunate conjuncture of circumstances which I think we should all be pleased that parliament has rectified.

Mr. Fulton: In this item 59, citizenship registration branch, we are asked to vote some $398,265. We have asked a simple question of the minister. We have asked for information which the minister has said he cannot give but which his attitude would lead us to believe he prefers not to give. We feel that it is because of his desire not to give it rather than his inability to give it that the answer is refused.

Mr. Pickersgill: Mr. Chairman, surely that is a breach of the rules of the house.

Mr. Fulton: If the statistics—

Mr. Pickersgill: I am raising a question of privilege, Mr. Chairman. Surely the hon. gentleman's statement is a breach of the rules of the house.

An hon. Member: What rule?

Mr. Pickersgill: I made a statement. I understand that, according to the rules of the house, the hon. gentleman must accept my statement.

Mr. Rowe: Oh, hardly.

Mr. Fulton: Mr. Chairman, if the statistics on such an important matter are not available in this department and are not kept, that fact to our mind is evidence of such an appalling situation with regard to the administration of the department that it deserves the severest censure. The responsibility for that situation rests, of course, upon the minister of the department. However, there is not available to us in this house the old motion for the reduction of the minister's salary. Hence the only alternative to us is to move a reduction in the item in the department in regard to which the situation has arisen. I therefore move:

That item 59 be reduced to $1.

At the same time I wish to make it perfectly clear that this motion as presented is a motion of non-confidence in the minister.

Mr. Pickersgill: Needless to say, I oppose the motion.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Fulton) negatived: Yeas, 28; nays, 61.

The Deputy Chairman: Shall item 59 carry?

Mr. Diefenbaker: No, Mr. Chairman. The minister seems to be operating in a self imposed fog. I suggest, sir, that his officials should be brought down on to the floor of the house. It is rather difficult for them to sit in the gallery and have to send out notes. I wish to ask the minister the following questions. What is the exact number of citizenship certificates that were granted last year? In how many cases were counsel denied the right to appear on behalf of interested parties before the citizenship courts? This is a serious situation, when a minister speaks with such complete disregard for judicial principles.

Counsel have a right to appear and petty officials have no right to deny them the right to appear. There is nothing more necessary in the administration of justice or in making sure that justice is properly administered than assuring that the rights of individuals shall not be subordinated to the desires of the administration; and nothing ensures that to a greater extent than that counsel be permitted to be present. It strikes me as a strange commentary on this department that when an individual appears before a court that individual is not allowed to have counsel; the court is held behind closed doors, and a decision is made regarding a case that, on the face of it, looks suspicious.

This woman, with her desire for Canadian citizenship, travels all over the world while acquiring the period of residence. She has such warm-hearted co-operation from the department that there is an indication that there is something under the woodpile. It is an interesting case. So much is said about the fact that the solicitor should lay a charge of perjury, but the hon. member for Cartier has not answered the question which was directed to him, namely does he agree with the principle admitted here that counsel should be denied permission to be present?

The section in question, under the citizenship act, is for the punishment of fraud on the citizenship administration. The fraud that was committed was one which, once a strong suspicion was raised before the department, should have demanded action on the part of the department. For some reason this lady enjoys a solicitude for her citizenship that, even in the fogginess that prevails in this department, demands an explanation. I, therefore, ask the minister to let the committee have the information I have requested, for certainly if this is the regular practice it is time for a housecleaning in this department.

Mr. Pickersgill: The hon. gentleman so befogs his own questions that I lost track of what specific information it was he was requesting. If he would just repeat the questions, without all the verbiage, I think I could give an answer right away.

Mr. Rowe: Now we are sure you are in a fog.

Mr. Diefenbaker: I realize the minister could not answer the charges I made, so I shall restrict my next statement to the two questions. How many cases of citizenship were there in Canada last year in which there was a grant of citizenship? In how many cases was citizenship denied, and in how many cases of contested citizenship were counsel denied the opportunity to appear before the court.

Mr. Pickersgill: The number of certificates granted I have given about half a dozen times in round figures.

Mr. Diefenbaker: Not specifically, you have not.

Mr. Pickersgill: In precise figures there were 58,715. I do not think anyone can say the number that were not granted unless the hon. gentleman says what he means by "not granted". Does he mean where a judge

turned down the application or where the minister turned it down after the judge recommended it? What does he mean?

Mr. Diefenbaker: How many cases were turned down?

Mr. Pickersgill: Does he mean where the application was made and not proceeded with? There are a great many varieties of ways in which this question could be put. It would have to be more precise before a precise answer could be given.

Mr. Fulton: If the minister wants a question—

Mr. Pickersgill: Perhaps the hon. gentleman would let me answer the question.

Mr. Fulton: You just said you could not.

Mr. Pickersgill: I have not completed the questions that were asked. The hon. gentleman has no doubt forgotten what they were, but I have not.

Mr. Diefenbaker: That is the kind of specious humbug with which the minister administers his department.

Mr. Pickersgill: The question asked was, how many cases there were in which counsel for the opposants were denied by judges access to the hearings. I do not conduct the hearings. The hearings are conducted in county courts and in various other places. I know of no such cases, but there may have been some. I hear the results from the judges, but I do not have charge of the proceedings.

Mr. Rowe: Surely, Mr. Chairman, the minister, as Minister of Citizenship and Immigration, can tell this committee how many cases came to his department's notice here in Ottawa, without going across Canada from Newfoundland to British Columbia. He could surely tell me how many were refused, and how many came to his attention here in Ottawa through this department. Surely you have a record of that, even though there is a lot of fog in this department.

Mr. Pickersgill: It would be very easy to give that. The numbers that were refused after they were recommended by a judge, is that what the hon. gentleman means?

Mr. Fulton: The number that were turned down?

Mr. Pickersgill: I think, sir, I could give very easily the number that were turned down by judges, because it is the recommendation of the judge that comes to me. I think I could, without much difficulty, indicate the number of cases in which a judge made a recommendation and the minister, for one reason or another, did not see fit to grant the certificate.

Mr. Fulton: How many were there?

Mr. Pickersgill: I have not the figure right under my hand.

Mr. Argue: Send a messenger up to the gallery.

Mr. Pickersgill: I shall be glad to give that figure when we come to item 58, the departmental administration.

Mr. Crestohl: The hon. member for Prince Albert addressed a question rather directly to me which really touches the very root of civil liberties; that is, whether or not I would favour a procedure by which a person is denied the right to be represented by counsel. Certainly I would be the last one to support such a theory. However, I am afraid the hon. member has been making a case without taking note of what the law says on the subject, and that is quite unusual for him. We must realize under the citizenship act just what this court is. It is purely a hearing by a commissioner of citizenship. It is his personal inquiry, and the law declares precisely what that procedure should be. I quote from the Canadian Citizenship Act, section 28, on the question of filing an opposition to an application for naturalization, which is the problem we are now discussing. The section reads:

> At any time after the filing of an application for a certificate of citizenship and previous to the hearing of the application, any person objecting to the granting of the certificate to the applicant may file in the court an opposition in which shall be stated the grounds of his objection.

Mr. Chairman, that is the section of the law enacted by this parliament which deals precisely with the problem before us this evening. It clearly states that an opposition may be filed before the hearing. That does not mean at the hearing; it must be filed in writing before the hearing and it must state the grounds of the objection.

I agree with the hon. member for Prince Albert that if this were a court of inquiry and counsel appeared they should be permitted to examine and cross-examine, but this commissioner's court is something that was established under the act as amended two years ago, I think, and it is purely a form of magistrate's inquiry. The commissioner is obliged to take cognizance of any written oppositions that are submitted to him. When the commissioner has collected the facts he studies them and then submits them to the minister for the minister's opinion and final decision.

It is a misnomer and it is misleading to give the impression that this is a regularly

constituted court of law, where counsel have the right to appear and examine and cross-examine. That is not so under this law and I respectfully submit, Mr. Chairman, that it is misleading to the people of Canada to give the impression that anyone has been denied the right to be represented by counsel in this case.

The Deputy Chairman: Shall the resolution carry?

Mr. Fulton: No, Mr. Chairman. We have asked for certain information and I think we should have it before the item carries.

Mr. Pickersgill: I undertook that I would give to the hon. member for Prince Albert on item 58 the information he asked for and he agreed with that.

Mr. Fulton: I cannot agree with that, because there are certain other questions that arise out of this item. Other hon. members have an interest in the matter, and I think the hon. member for Prince Albert would be very glad indeed if the minister would give the answer now.

Mr. Pickersgill: Well, Mr. Chairman, I am quite prepared to give it now.

Mr. Fulton: If that is so why did you not give it to the committee instead of asking if you could give it later? What is the minister trying to pull on this committee, anyway?

Some hon. Members: Oh, oh.

Mr. Fulton: Surely, Mr. Chairman, the minister either has the information or he does not, and if he has it why should he not give it to us when he is asked to instead of requesting permission to give it later? I will tell you why. The reason is that he knows other questions might arise out of it which he hopes to avoid by having the item carried; and if he thinks he can put the committee in the same fog he is in himself he is sadly mistaken.

The Deputy Chairman: Shall item 59 carry?

Some hon. Members: No.

Mr. Fulton: Could we have the answer to the question?

Mr. Pickersgill: Perhaps now that the hon. gentleman has blown off steam he may be able to sit quietly while I give the answer, which I am afraid is going to provoke another explosion from the hon. member because I am informed that we do not have a count of the number of cases that have been turned down; but I will have a count made tomorrow and I will undertake to give to the committee the count for the year 1955 of the number of cases the minister turned down after they were recommended by a judge. I shall give this information tomorrow. I might add that the number is not very great, but the information just is not available and I shall obtain it as quickly as it can be obtained.

Mr. Nicholson: Mr. Chairman, I wonder if the minister would care to rise and report progress in order to give him a chance to get this information overnight?

Mr. Pickersgill: I do not think, sir, that would be a reasonable thing to ask. I am quite willing to let this item stand, if that will please the committee, and go on with the other items.

The Deputy Chairman: Is it the wish of the committee that item 59 stand?

Some hon. Members: Yes.

Some hon. Members: No.

The Deputy Chairman: I am afraid I must point out to the committee that having called an item it can only stand with the unanimous consent of the committee. We do not have an adjournment of debate procedure in committee. Shall item 59 stand?

Mr. Fulton: Do I take that in your judgment, Mr. Chairman, there is not unanimous consent to have it stand?

The Deputy Chairman: I thought I heard several "no's". I shall put the question again. Shall item 59 stand?

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Fulton: It was suggested by the minister that it should stand.

Mr. Pickersgill: Mr. Chairman, I wonder if I could ask my hon. friends in the house if they would agree to let this item stand?

Mr. Dufresne: Get on the line, boys.

The Deputy Chairman: Shall item 59 stand?

Some hon. Members: Agreed.

Item stands.

58. Departmental administration, $500,150.

The Deputy Chairman: That completes all the items listed under the department except No. 58 which I assume also stands.

Mr. Pickersgill: Perhaps if item 59 stands it will not be necessary to have item 58 stand, sir.

Mr. Fulton: I think provided it is understood there will be reasonable latitude for questions based on the information that will

be given to us tomorrow we could agree to carry this item; otherwise I would not agree to having item 58 carry.

Mr. Pickersgill: Yes, certainly.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I have a comment to make concerning item 58. I do hope that will not provoke quite as embarrassing a situation for the minister as the last situation I drew to his attention.

An hon. Member: Don't get too excited about yourself.

Mr. Howe (Port Arthur): Nobody is excited about this hon. member.

The Deputy Chairman: Order. The hon. member for Notre Dame de Grace.

An hon. Member: Let's go fishing.

Mr. Hamilton (Notre Dame de Grace): This particular incident concerns the tendency of the department, once it gets its hands on documents or anything else of that nature, to hang on to them for an indefinite period of time without any regard to whether they have a moral, ethical or legal right to continue to hold those documents.

I have before me a case concerning a man who in the early years of the war, back in the period 1940 or 1941, was a seaman on a ship. This ship was taken into a Canadian port and this particular group of seamen were incarcerated as possible enemy aliens. At that time their documents were taken away from them and have been held in the department ever since. I am not going into the details of this case for fear of confusing the house, but this case has been batted back and forth by the department and I believe it is now before the Supreme Court of Canada. For the minister's information it concerns a Mr. Michael Magda.

The point I am making is this, and it is a very simple one. At no point in the evidence given before the supreme court and at no stage of the proceedings were Mr. Magda's passport or certain other travel documents entered as evidence, and they did not become the property of the court. They were retained in the possession of the minister.

Then we come to a point early in 1956 when Mr. Madga, through myself, comes to the minister and says, "I would like to have such of my documents back as you have in your possession." Perhaps I should be specific and say that this was to the director of the Department of Citizenship and Immigration. Mr. Magda said, "I would like to have my documents back. They have not been entered in evidence in court. They are in your possession. They are my documents. I am having some difficulty at times identifying myself, and I would like to have them back." Remember, the minister's department had had them for about 12 or 15 years. Here is a letter which came back signed by the acting director of the Department of Citizenship and Immigration, W. R. Baskerville. It is dated May 1 and reads:

> In the absence of the director I acknowledge your letter of April 24 last concerning the travel documents of Mr. Michael Magda, who is under an order of deportation in Canada.
>
> While the contents of your letter have received every consideration, I can only repeat what Mr. Smith informed you previously. Mr. Magda's case is still before the courts, and there is always the possibility that these documents may be required in connection with the proceedings. It is, therefore, necessary that the department retain the documents for the time being to ensure that they will be immediately available if called for.

This particular individual through his counsel would have been prepared to give an undertaking to the minister that he would make the documents available. They were his documents; he needed them, but the minister sat on them like a chicken sitting on an egg. The only difference is that the chicken at least hatches the egg at the end of a few weeks or gets off the nest, whereas the minister and his departmental officials have insisted on sitting on these documents indefinitely and as far as can be seen into the future.

This is one isolated instance of many that are causing concern across this country. It is another clear-cut indication of the way this department is arrogating to itself rights and privileges which are not those of the government but which are those of the courts of Canada. Having placed this case before the committee I am going to suggest to the minister that he look into it immediately and see that these documents are returned to the gentleman in question.

Item agreed to.

National gallery of Canada—

80. Administration, operation and maintenance, including industrial design division, $328,910.

Mr. Nesbitt: Mr. Chairman, I am going to resist the temptation to deal with any matters of policy with respect to the national gallery, though in the past I am afraid I have been painted as the arch enemy of the arts. I can assure the minister and certain officials of his department that such is not the case. However, I do feel that when large sums of public money have been spent on certain paintings, this whole matter of the policy of the national gallery should be looked into. Apparently other branches of the arts get nothing and I think it is safe to say that other branches of

the arts, the theatre and so on, are certainly deserving of as much consideration.

As I have said, this will be gone into at another time. I might mention that item 82 provides $25,000 for the construction of a permanent Canadian pavilion at Venice. Yet nothing is given to the Stratford festival to assist with their permanent theatre. Apparently it is thought better to give funds for an art pavilion in Venice albeit that is to be used to exhibit Canadian art.

I am going to confine my remarks before the hour of ten o'clock is reached to certain questions with respect to a group of paintings recently acquired from the Prince of Liechtenstein. Several questions have been asked from time to time about the cost of individual pictures. I realize it may be difficult to break down this cost, but I have spent the day trying to get an answer on this and I understand that the return has been prepared.

One of these paintings is by Chardin and is called "La Pourvoyeuse" and was purchased, according to my understanding, for about $150,000. Perhaps the minister could indicate before I continue whether that was the amount paid for Chardin's painting.

Mr. Pickersgill: My impression was that it was a global amount for all four.

Mr. Nesbitt: Do I understand there is no breakdown as to what each one cost?

Mr. Pickersgill: That is my impression, but I would like to check.

Mr. Nesbitt: In a matter like this, when there has been so much controversy in the press and elsewhere, I would think the minister would be able to provide us with that figure, or could possibly get it from the director of the gallery who is not too far away.

Mr. Pickersgill: If I should prove to be wrong and if there was a specific price for each of these paintings I will have it in a moment, but my impression is that there was a global amount for the four.

Mr. Nesbitt: In that case it may be that later on the answer can be given. With respect to this particular picture there is another question I should like to ask the minister. I made some inquiries when this matter was raised some months ago, and I found that the 18th century French artist Chardin was rather unusual in one respect in that if he liked a picture he painted it often. He had the habit of repeating a painting, possibly to improve on his first effort, though I am sure none of us could say now.

An hon. Member: Lots of members repeat themselves.

[Mr. Nesbitt.]

Mr. Nesbitt: This particular painter painted a number of pictures which were almost identical. I found on telegraphing the Louvre in Paris that they have an identical picture to this one, and I understand there is another one in Potsdam. I am not suggesting that Chardin could be compared with a lithographing machine or anything like that, as that would be improper; but I would like to find out just how many paintings there are which are almost identical to this one. Perhaps the minister can tell us that.

Mr. Pickersgill: Like the hon. gentleman I have heard that Chardin had the habit of repeating some pictures. I think perhaps it would be flattering him almost too much to say that any two of them would be identical, but they were quite similar. One of those we bought had been duplicated. I had not heard that there were two like it, but I knew there was one very much like it.

Mr. Nesbitt: I base my information purely on the reply to my telegram to the Louvre in Paris, that they have one. There is a book called "Art Treasures of the Louvre" to be found in the parliamentary library, and I believe it is mentioned in that book that there is believed to be one in Potsdam. Unlike the minister I would be tempted to flatter Chardin, inasmuch as I compared the gallery picture with the plate of the one in the Louvre and while possibly they are not identical, they are certainly very close. However, the minister may be able to find out if there are any other pictures in existence.

Mr. Pickersgill: I presume that would be a matter of speculation after two and a half centuries, because we know some of these paintings have a habit of disappearing and re-appearing and sometimes the record of what a man has painted is not available. For example, I have never kept any statistics of my own paintings.

Mr. Fulton: I hope they will never appear in the gallery.

Mr. Pickersgill: No danger.

Mr. Nesbitt: My colleague has suggested that possibly none of the efforts of the minister will appear in the gallery.

Mr. Pickersgill: I can answer that other question. I was right; $850,000 was paid for the four pictures.

Mr. Nesbitt: There is no breakdown?

Mr. Pickersgill: No.

Mr. Nesbitt: Then I must have been misinformed. There are two other specific questions I should like to ask the minister.

With regard to the pictures belonging to the national gallery which, I understand, are in storage on Echo Drive, it is my information —and I should be very pleased if the minister would correct me on this—that there are certain fire hazards at this storage place. I should like to inquire whether in the opinion of the minister he is satisfied that they are adequately protected and whether they are insured. I realize that naturally these pictures cannot be replaced and that the insurance would be only a small payment, but it has been brought to my attention that the building where these pictures are stored is not fireproof.

Mr. Pickersgill: The information I have is that perhaps it is not quite perfect, but that it is considered to be adequate from the point of view of fire hazard. I think the national gallery follows the same rule as other branches of the government; that is to say, there is self-insurance.

Mr. Nesbitt: Does the national gallery have in its possession any paintings by contemporary artists with respect to world war II? This is something that a number of people have inquired of me and I undertook to ask the question at this time.

Mr. Pickersgill: As the hon. gentleman knows, there were a number of artists employed by the Department of National Defence. I do not know offhand whether their paintings are actually part of the national gallery's collection or whether they are in the custody of the national gallery or what their present status is, but I could easily inquire and let the hon. member know.

Mr. Nesbitt: If the minister will undertake to find out—

Mr. Pickersgill: I should know it but I do not happen to.

Mr. Nesbitt: There is another matter. I see it is five minutes to ten, and I should like to get this cleared up. A few days ago, as the minister knows, I approached him with respect to representations I had received by letter and verbally from certain persons in the town of Tillsonburg, which happens to be in my constituency, with respect to certain alleged paintings that were in the possession of a Professor Bangarth, who is of Hungarian extraction, not as yet a Canadian citizen. He informed me that he had a certain number of paintings that I recognized—I hesitate to use the word any more in this respect—to be by well-known old masters such as Rubens, Rembrandt, Goya and Titian, among others.

Naturally any person who had representations such as these made to him would be very curious and possibly a little sceptical, but as I say, it is not for me to judge. Possibly, like the minister, I am not a specific judge of art, and so I referred the matter to the minister, thinking that he would have officials of the gallery determine whether they were genuine and whether they could not be purchased as suitable for the gallery. In the London *Free Press* of August 2 there is a little news item reading as follows:

> Ottawa, August 1—Canada's national gallery will investigate without delay the art treasures in the possession of Prof. Steven Bangarth, former Hungarian professor now resident in Tillsonburg.
>
> Hon. J. W. Pickersgill, Minister of Citizenship and Immigration, told the *Free Press* today that he was interested in the Bangarth old masters. He said he would have Alan Jarvis, director of the national gallery, or his assistant follow up the matter.
>
> The minister said if the Bangarth paintings were genuine, and he had no reason to suppose otherwise, the gallery might be interested in acquiring some of them. He doubted that the gallery could have funds enough to acquire all of them.

On August 4, in the London *Free Press* again, we have this item:

> Canada's national gallery indicated today it was "not interested" in the art treasures in the possession of Professor Steven Bangarth, former Hungarian professor of fine arts and now a resident of Tillsonburg.
>
> Alan Jarvis, director of the national gallery, told the *Free Press* today that the gallery had seen the Bangarth paintings two or three years ago. As a consequence, the paintings were adjudged as not up to national gallery standards.
>
> Mr. Jarvis said he had not seen the pictures personally, but the gallery's research staff had looked them over.
>
> The gallery director said that he was not interested in the "old masters" reportedly in the possession of Prof. Bangarth and that he did not consider any further investigation necessary.

As I have already mentioned, it may well be that the pictures are not up to the calibre required by the government, but in view of the representations and letters I have had assuring me that these pictures are genuine and that the people are prepared to prove it, I should like to ask a certain number of questions of the minister, which are as follows. First, what were the names of the officials who saw these pictures? Second, what were the qualifications of the people who saw these pictures? What were the names of the pictures that were seen at that time? When were these pictures seen? I should also like to know whether any of these pictures that were seen by the officials of the gallery were merely photographs or some form of reproduction of the pictures, or were they the genuine article? I am only seeking information on this subject. In view of the representations I have had made to me, I do not feel that in the circumstances I could do very much else.

Mr. Pickersgill: I should be very glad to get that information for the hon. gentleman.

I understand that the hon. gentleman himself spoke to the London *Free Press* either before he gave the letter to me, or at the time he did, and the reporter asked me about it and I said I had told the hon. gentleman that I would ask the national gallery to look into the matter. The report in the London *Free Press* about that was correct. When I got in touch with the director he told me that they had a very large file on this subject, but they had been considering this matter over a period of some two years, and that, as he indicated in his statement, they were not pictures the gallery was interested in. I do not happen to know the names of the particular people, but I should be glad to get that information.

Mr. Nesbitt: In view of that, I should like to have this matter stand, because there are a number of questions I would wish to ask that would be determined by the minister's reply to the questions I have already asked.

Mr. Pickersgill: Perhaps we could deal with the other items on the national gallery and let item 80 stand.

The Deputy Chairman: Is it the desire of the committee that item 80 stand?

Some hon. Members: Agreed.

Item stands.

National film board—

241. Administration, production and distribution of films and other visual materials, $3,351,859.

Mr. Dinsdale: I think it is rather important that we get some information on the activities of the national film board at this particular time, because this is the year the film board has been making the transfer to its new headquarters in the city of Montreal. I notice in the estimates that we have an item of some $1 million which covers the expenses involved in this transfer.

As I understand it, the national film board was established in 1939 mainly to carry out an educational role or, as the reports from time to time have described its function, for the purpose of production and distribution of films in the national interest. I believe that its role is essentially educational and that conclusion, I would suggest, is backed up by the fact that the commissioner for the national film board is an outstanding educationist. I think the choice of a man with that background would suggest that the purpose behind the establishment and the continued operation of the national film board is educational.

This, of course, is an unusual function for a federal body, because the federal jurisdiction usually does not concern itself with educational matters. But I think the money

expended in the production and distribution of films for this purpose is making a very worth while and substantial contribution to the over-all educational function.

If the minister is going to make any comments, I think perhaps I would present that as my first question. Am I right in concluding that the function of the national film board is mainly an educational function? Shall I present a series of questions?

Mr. Pickersgill: As a matter of fact I am really better satisfied with the definitions that are in the National Film Act.

Mr. Dinsdale: I am asking that for a reason that I shall indicate as I proceed with my observations. More recently the film board has been making a wider international contact, and here again I would agree that it is carrying out an important function. For example, I had a personal contact with the film board office in the city of New York last fall, and I discovered that its films were being used by the Ford television program "Omnibus" which has an audience of some 20 million viewers. If that function is being carried out on a proportionate basis in other countries I think it indicates that the national film board is more than justifying its existence. Again, I should like the minister to give us some idea of the current or expanding activities in this regard. I imagine that there again the function is educational and also promotional, from the standpoint of encouraging tourist interest in Canada, and that would appear to me to be a legitimate function of the film board.

According to the detailed items in the estimates the national film board is moving into the new medium of television at a very rapid rate, and on page 344 we have an item of some $341,000 that will be voted for the production of films for television during the current fiscal year. I am wondering whether this suggests that there is a tendency on the part of the film board to abandon its primary role of an educational operation, and whether in view of the demand for television films there might not be a tendency to commercialize the activities of the board.

As I understand the act and the original purpose of establishing the national film board, it was in no way intended to provide a commercial operation. Yet with the rapidly increasing appropriate for television films it would appear that it might be moving into this commercial activity because of the sheer weight of the demand. I do not have the figures before me, but I understand that commercial film activities in this country have been growing at an astounding rate since C.B.C. television went on the air. It would seem to me that rather than compete with

this very worth-while development in the realm of private activity, it might be advisable to allow the private activity to grow in response to the commercial demand and maintain the essential function of the national film board, namely the educational role.

Mr. Pickersgill: I think perhaps I might just interrupt the hon. gentleman to read him the purposes that parliament gave the national film board, because I would not like anyone to take my silence as assenting to his proposition that the primary function of the film board is educational in any constitutional sense of the word. This is what the act says:

> The board is established to initiate and promote the production and distribution of films in the national interest and in particular
>
> (a) to produce and distribute and to promote the production and distribution of films designed to interpret Canada to Canadians and to other nations . . .

That is the first of the purposes. I do not think I need to read the others. It does seem to me that as between showing films in theatres, showing films in community halls and that sort of place and showing them on television, all these are ways of exhibiting that can accomplish that same purpose.

Mr. Dinsdale: Quite.

Mr. Pickersgill: Incidentally, I should add that there is nothing commercial about our television operations. I wish they were more commercial than, in fact, they are.

Mr. Dinsdale: I think the minister has suggested that the national film board is tending to move into the lucrative field of television and theatrical showings more than was originally intended, and that is the impression I got from the information that was available.

Mr. Pickersgill: Of course when the film board was set up there was no television, so that could not have been originally intended.

Mr. Dinsdale: And the film board was set up originally, of course, largely in response to wartime demands for additional information concerning Canada at war. It seems to me that in moving more and more into the commercial phase of films—

Mr. Pickersgill: I really must deprecate that term. There is nothing commercial about it. The national film board films shown on the C.B.C. are not fully paid for by the C.B.C., so there is nothing that, by the widest stretch of the imagination, can be considered commercial about them. This is just taking advantage of one way of getting these films, the purpose of which is to interpret Canada to Canadians, before Canadians; and I might add that, in spite of the television activity, the non-theatrical distribution of films last year in Canada was before a total audience of 14,500,000 people. That does not mean 14,500,000 different individuals. The figure is computed in the way they compute the number of people who ride on street cars.

Mr. Dinsdale: Maybe the word I am using, commercialization, is an unfortunate word, but I repeat my opening remarks that the national film board was established as a government film agency largely to carry out the educational and cultural role to which the minister has referred in reading the definition in the act. I mentioned also at the outset that this is a significant year in the activities of the film board because it is moving to its new $5 million plant.

Mr. Pickersgill: Has moved.

Mr. Dinsdale: It has moved to its new $5 million plant in the city of Montreal. I have not had the opportunity to see the facilities, but perhaps that will come at some time in the future when a parliamentary committee is reviewing in detail the operations of the film board. But I imagine that a plant costing that sum of money is capable of producing a fairly substantial quantity of films. I am wondering whether the expansion into this new larger plant facility is an indication that the national film board is going to increasingly extend its activities in the general field of film production.

I raise that point, Mr. Chairman, because there is always a danger in state-operated mass media services. I am sure the commissioner of the national film board, who is an educationalist and who takes the philosophic approach to these things, is quite aware of the danger of an expanding state operation in the field of public information of any kind. In fact, in a speech to a Canadian club audience in London, Ontario last February Dr. Trueman warned the citizens to whom he was speaking that they should be wary of government agencies such as the film board because, as he said:

> . . . it is perfectly possible to use such an agency for propaganda purposes.

Then Dr. Trueman carried on as follows:

> I have never seen any indication that this would happen, but it could, and it's a private citizen's democratic responsibility to keep an eye on it.

That is quite a legitimate observation, and I am making it not as a private citizen but as a member of this house. I just wonder whether it is possible to stop the expansion of this public information film service under the direction of the state. It has very wide implications. I am merely expressing this warning or perhaps this hope that there will be no attempt by state-subsidized public

information film services to compete with the healthy and thriving film industry that is emerging in response to the new demands for film for television services.

Before I conclude my observations on this subject, may I say that I have been reading through the 1954-55 report and that it seems to me there is a great deal of what I might call cultural inbreeding in the members of the board. I am wondering whether this is a healthy sign.

Mr. Pickersgill: Is that a tribute to Mr. Bruce Hutchison?

Mr. Dinsdale: I am wondering whether this is a further sign that there is not a sufficiently broad control of the activities of the national film board. For example, there are four senior members of various government departments serving on the national film board.

Mr. Pickersgill: Of course the hon. gentleman realizes that this is required by the statute.

Mr. Dinsdale: That is fine. I am just making the observation that there are four senior officials out of a total membership of nine, including the commissioner. It is therefore a fairly broad representation from government departments. I am not acquainted with the members of the board other than the editor of the Victoria *Daily Times*, Mr. Bruce Hutchison. I suppose he is there because of his wide contributions in the field of Canadian letters, particularly in the area of popular history.

An hon. Member: He is a Liberal.

Mr. Dinsdale: Is he a Liberal? I did not know that. The representation from western Canada includes a lady from Saskatoon.

Mr. Pickersgill: The lady from Saskatoon is no longer there. A lady from Winnipeg has taken the place of the lady from Saskatoon.

Mr. Dinsdale: That is good. That answers a query that I was going to raise. I was surprised that there was no representation from the city of Winnipeg. We westerners feel that Winnipeg is rapidly becoming the cultural centre of Canada, if it has not already achieved that position. I am not speaking merely from a parochial viewpoint when I say that. We have concrete cultural activities which would tend to back up the point I am making.

Mr. Pickersgill: The chairman has already had quite an acquaintance with Winnipeg.

Mr. Dinsdale: Yes. The minister will recall that at the time the great exodus from Ottawa was contemplated, certain representations were made to the effect that Winnipeg would be the logical and ideal centre because there you have the two cultures, the two languages and so forth, and you also have the western viewpoint which we feel is the real spirit of the new Canada. Unfortunately, because of the geographic location of this important government information activity, there is a tendency to neglect the western regions.

I was glad to hear the minister's reply that an appointment has been made from Winnipeg. I trust that appointment will help to even out the balance in this regard considerably.

In reading the report I was surprised to discover that there was on the board no representatives from the Canadian film society. The Canadian film society was established prior to the national film board. In fact it was what you might call the pioneering group in this particular field of public information in Canada. It was established in 1935 by a group of private citizens. It has continued its operations in the field of film distribution. I myself have had contact with them down through the years.

As far as my own personal experience with them is concerned, I feel that they are the group most qualified to advise and assist in the whole field of film production and distribution in Canada. I think some representation from this important group, which is still functioning as a private society, might help to avoid the danger that is always present when the government is operating in the field of mass media communication, and where it tries to use this media for its own propaganda purposes.

Mr. Nesbitt: Mr. Chairman, I am not going to hold up the committee for more than two minutes, but I should like to bring one thing to the minister's attention with regard to a very eminent Canadian in the province of Ontario. A judge in our country by the name of Eric Cross has written an excellent play called "The Patriots". It deals with the history of this country at the time of Baldwin and Lafontaine. That play has been presented by the London little theatre, Queen's University, and the Woodstock little theatre, and I know it is being considered by others. This play is also required reading in the schools of Ontario. His Honour Judge Cross is an excellent historian and an excellent playwright. He spent a great deal of time in preparing this play. I might say that Judge Cross was formerly the attorney general of the province of Ontario, was minister of education of Ontario for a while, and also minister of municipal affairs.

Mr. Chairman, I may not be much of a judge of painting, but I consider that I have

some slight knowledge and appreciation of the theatre. I might say that this play by any standards, either from the historical point of view or from the straight theatre point of view, would be difficult to improve upon. I would rather hope that perhaps the minister might consider sending instructions to the national film board that they might consider this play as a subject to be filmed for use in Canadian schools or something of that nature. The very fact the province of Ontario has made this play required reading is, I think, a recommendation in itself.

Mr. Pickersgill: I shall be delighted to draw that fact to the attention of the film board and ask them to give it most careful consideration.

Mr. Hamilton (Notre Dame de Grace): Like Sergeant Friday in "Dragnet" I should like a little bit of information. Can the minister tell the committee what would be the total cost of the new building and equipment in Montreal?

Mr. Pickersgill: I have it right here. The amount provided from the funds of the national film board for the purchase of new equipment and the relocation of existing equipment was $1,446,503, over the period from the time this move started to the present. The amount for the Ottawa headquarters was $21,632; for technical services to overcome shut-downs, $114,554; for the removal of staff—that does not come directly within the question, but perhaps the hon. member might want all the information—$202,905; for recruiting, training, travelling and other expenses, $123,186, making a total cost of the move to the film board of $1,908,780.

Mr. Hamilton (Notre Dame de Grace): The minister is doing marvellously with his second sight because that was my second question, the total cost of the move to Montreal. He has answered that, although I have not put the question. My first question was the total cost of the new building and equipment.

Mr. Pickersgill: I am afraid, sir, it would perhaps be inappropriate for me to transgress on the field of another minister. My department did not build the building, but I am told that the total cost—it is not quite complete in every detail—and since this is a public works figure I do not guarantee it, but that the total cost including furniture, fixtures, purchase of the site and public works share of the move was $6,400,000; that is approximate, but it is very close.

Mr. Hamilton (Notre Dame de Grace): That is very kind of the minister and I appreciate it. Has he any idea of the increase in the cost of administration because of this new building? I have in mind such things as maintenance; the necessity for separate Ottawa offices; the necessity to travel between the two cities and the necessity, for example, to have a number of new positions such as, I understand, a new deputy commissioner, which post has been or will be created. Can he estimate those additional costs?

Mr. Pickersgill: The apparent cost, as the hon. gentleman will realize, is considerably greater than the real additional cost, for this reason. In Ottawa certain services are provided by public works and by the Department of Finance, such as telephones, caretakers, cleaners and so on, which have to be provided by the film board in Montreal. The figure I am given of the estimated total increased cost for 1956-57 as a result of the move and the fact that there are two offices would be $97,929, that is to say very nearly $100,000. I want to emphasize again that some of this is only an apparent increase.

Mr. Hamilton (Notre Dame de Grace): The figure of $97,000 is a very real one, though, to some of us taxpayers. Can the minister tell the house if the government has taken into consideration the recent United Kingdom experience, where they have closed down, I understand, the British equivalent to the national film board, their production division known as Crown Films? I am wondering if he knows of that and if it might have some reflection on the operations of this national film board. Has he studied that British policy?

Mr. Pickersgill: I understand that the Crown Films unit, to which I presume the hon. gentleman refers, was closed several years before I became minister in charge of this board. I have no doubt my predecessor did take account of any experience the United Kingdom government may have had as a result.

Mr. Hamilton (Notre Dame de Grace): Can the minister tell us whether the commissioner of the film board is now going to reside in Ottawa? If so, how much time will he spend in Montreal where the operation is centralized?

Mr. Pickersgill: I think it would be premature—the commissioner is going to reside in Ottawa, and unfortunately he is going to spend a large amount of time travelling, from what he has already told me, though I hope once things get running more smoothly he

can reduce this a little and spend more time keeping the minister informed about what is happening. There are going to be certain difficulties about this which were thoroughly appreciated by the government at the time the decision was made. I do not think it will be possible to say even approximately the amount of time the commissioner will have to spend in Montreal until there has been several months or perhaps a year's experience in that operation.

Mr. Hamilton (Notre Dame de Grace): Does the minister still feel the move to Montreal is justified, in view of the fact that all the film board customers are in Ottawa and the commissioner himself is residing in Ottawa?

Mr. Pickersgill: I should like to reserve my answer to that question until a year from now or, I hope, something less than a year from now, when we have had a little more experience on which I could base it. My feeling would be that it is, but I think it would be rather presumptuous of me to express an opinion before we have had a little more experience.

Mr. Hamilton (Notre Dame de Grace): Can the minister tell us what per cent of the board's production last year was for C.B.C. account, either in dollars or in number of feet?

Mr. Pickersgill: It is somewhere between 30 per cent and 40 per cent of the total production costs.

Mr. Hamilton (Notre Dame de Grace): So in the past year between 30 per cent and 40 per cent of the national film board production costs were for C.B.C.?

Mr. Pickersgill: But that does not mean that proportion of the budget went for that, because some of that cost was recovered from the C.B.C.

Mr. Hamilton (Notre Dame de Grace): Do I understand that you do not recover the full costs from C.B.C.?

Mr. Pickersgill: No.

Mr. Hamilton (Notre Dame de Grace): I do not want to get into a long discussion on this national film board, but to a certain extent it is subsidizing certain aspects of C.B.C. operations?

Mr. Pickersgill: That would be one way to describe it, and I will not quarrel with the term.

Mr. Hamilton (Notre Dame de Grace): Can the minister tell us, looking ahead to next year, what per cent of their production they would expect would be for the C.B.C. on the same basis as last year?

[Mr. Pickersgill.]

Mr. Pickersgill: Roughly about the same, but that will be subject to audit later. That is the present expectation. Incidentally I might add, and I think the hon. gentleman will be interested, that the amount provided for the film board for production has not been increased this year over last year or last year over the previous year.

Mr. Hamilton (Notre Dame de Grace): My final question on this score, Mr. Chairman, is whether the minister would like to comment on what the government's thinking might be about the future relationship between the national film board and the C.B.C.?

Mr. Pickersgill: I think it would be most undesirable for me to do so at this time. I am very hopeful that one of the things that will be considered by the Fowler commission is the relationship between these two agencies. I would not wish to express views here which might in any way seem to prejudge that question. I think there are some problems in this area that need to be solved.

Mr. Hamilton (Notre Dame de Grace): I can understand why the minister finds it difficult to comment at this point but in view of his hesitation to comment would he say whether or not he approves of the present policy under which the national film board is doing work for the C.B.C. at less than cost in some cases?

Mr. Pickersgill: Well, sir, that is a really embarrassing question. I have the responsibility to parliament for the film board and I would love to have the full cost paid by the C.B.C., but I do not know whether I can persuade my colleague the Minister of National Revenue to persuade the C.B.C. to do it. This is precisely one of those problems on which some further thinking needs to be done.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, may I just point out to the minister how much more easily we got along this time when he had his officials sitting in front of him.

Mr. Pickersgill: The minister realizes his own limitations.

Mr. Fleming: Mr. Chairman, I wish to take just about one minute to tell the minister and the committee of an experience that several hon. members, along with the distinguished Clerk of this house had in touring South Africa two years ago next month. One sunny morning about 25 miles outside of Capetown when driving along the seacoast on the beautiful Cape peninsula we stopped at an inn. Outside was a board advertising the showing of certain films the following day in a community hall

nearby. On the delighted eyes of these Canadians, 14,000 miles from home, fell these Canadian titles: "The Loon's Necklace," "Barbara Ann Scott", "The Mounties get their Man". These were three films distributed by the national film board.

On inquiry we were told that the films of the national film board have a very large circulation in South Africa. That circulation has been promoted actively, I know, by the Canadian trade commissioner at Capetown.

Mr. Pickersgill: I thank the hon. gentleman very much. Those films are all excellent, as he and I both know.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, in all fairness to the private film industry of Canada may I point out that "The Loon's Necklace" at least is not a production of the national film board but of one of the great private producers in Canada which has a distinguished reputation, Crawley Films Limited.

Mr. Pickersgill: I am delighted the hon. member has pointed that out, because one of the principal objects of the national film board is to promote and encourage the private film industry in Canada.

Item agreed to.

National film board—

653. To provide for the dismantling, conversion and installation of existing equipment, acquisition of new equipment, removal expenses and other costs related to the transfer of the national film board to new building—further amount required, $68,800.

Mr. Fulton: Is it expected that this will be the final item for the cost of the transfer?

Mr. Pickersgill: There may be some very small items.

Mr. Fulton: But to all intents and purposes this closes the account?

Mr. Pickersgill: That is our hope and expectation, except for some trifling amounts.

Item agreed to.

Public archives—

529. To authorize the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purpose of producing, processing or dealing in microfilm, the amount to be charged to the revolving fund at any time not to exceed $27,500.

The Deputy Chairman: Shall this item carry?

Some hon. Members: Carried.

Mr. Fulton: Wait a moment.

The Deputy Chairman: Except for the two items which have been allowed to stand, Nos. 59 and 80, that completes—

Mr. Fulton: Wait a moment, Mr. Chairman. You carried item 529 before we could possibly get the page turned.

The Deputy Chairman: Shall I consider it uncarried?

Mr. Fulton: Is this new?

Mr. Pickersgill: If the hon. gentleman would tell me what page it is on—

Mr. Fulton: Page 84.

An hon. Member: The chairman is too fast even for the minister.

Mr. Pickersgill: I am experiencing just as much difficulty as the hon. member for Kamloops in finding the page.

The purpose of this fund is to provide for the operation of the central microfilming unit which was transferred on April 1, 1956, from the printing bureau to the archives. It is located out in the new building—whatever that building is called—in Tunney's Pasture. I cannot think of the name of it.

Mr. Fulton: The archives building.

Mr. Pickersgill: No, the new public records building. The purpose of this revolving fund is to pay the costs which are later recovered. It is a service unit for other government departments and the cost is later recovered from other departments. Departmental records are transferred there. Some of them are microfilmed and then destroyed. That is what this is for, and this is new.

Mr. Fulton: Then it is new so far as its appearance under public archives is concerned, I take it, but was it formerly reflected in the accounts or the estimates of other departments?

Mr. Pickersgill: That is my understanding. It does not represent any expenditure at all. This is just a sum of money which we think is adequate to pay the bills and which will be recovered.

Item agreed to.

The Deputy Chairman: Shall I report the resolutions concurred in today and ask leave to sit again?

Mr. Fulton: Where is trade and commerce?

Mr. Harris: Mr. Chairman, there must have been some regrettable misunderstanding that hon. members were not prepared to go on after these items were carried. We would be glad to go on with the Department of Fisheries; I think my colleague is here.

Mr. Fulton: I do not think we are prepared for that department because we expected

we would go on with trade and commerce and my neighbour, our fisheries expert, is not here.

Mr. Argue: Let us do something.

Mr. Harris: As I say, somehow or other the impression got abroad that my hon. friends were not prepared to go on with anything other than this after ten o'clock.

Mr. Fleming: I do not understand that at all. I expected to be speaking on trade and commerce estimates, and I have been sitting here waiting for the last hour and a half with my papers.

Mr. Hees: Let us do trade and commerce.

Mr. Argue: Let us do transport.

Mr. Lesage: Yes, let us finish transport.

Mr. Rowe: You had better call it 11 o'clock.

Mr. Harris: There does appear to be agreement that we proceed with transport.

The Deputy Chairman: I did not hear the last remark of the Minister of Finance.

Mr. Pickersgill: Transport.

Mr. Hees: When did you get the promotion, Jack?

Mr. Green: Well, Mr. Chairman, all our files on transport are upstairs.

Mr. Fulton: Oh, let us adjourn.

Mr. Harris: We will wait until you come down with your papers.

Mr. Argue: Good. Let us finish transport.

DEPARTMENT OF TRANSPORT

436. The St. Lawrence river joint board of engineers—Canadian section, $180,180.

Mr. Green: This item has to do with the St. Lawrence seaway project. The other night when the estimates were up the minister promised that he would deal with a question asked by the hon. member for Notre Dame de Grace under the St. Lawrence seaway item.

Mr. Marler: I certainly do not want to avoid fulfilling my commitment to the hon. member for Notre Dame de Grace, but I suggest that this is not the appropriate item. This item deals with the St. Lawrence river joint board of engineers, Canadian section. The function of this board is to supervise work in connection with power development on the seaway and the St. Lawrence. The subject which the hon. member for Notre Dame de Grace wishes to discuss would come under loans and advances for the seaway.

Item agreed to.

[Mr. Fulton.]

Canal services—

437. Administration, $137,030.

Mr. Vincent: Has the minister given any consideration to bringing the administration of all canals under the seaway authority?

Mr. Marler: It will probably not be until the navigation year 1959 that the seaway will be open for shipping and the question of the administration of the canal system generally would not arise. I can tell my hon. friend that there is a provision in the St. Lawrence Seaway Authority Act whereby the governor in council may transfer the administration of canals which are contributory to the seaway system to the authority. As the hon. gentleman probably knows, there are canals which would not fall into that category and which are under the administration of the Department of Transport. In my opinion it is desirable that the whole attention of the St. Lawrence seaway authority should be devoted to the seaway itself and not to what might be considered problems of administration.

Mr. Vincent: I am referring to the canals which will provide a link between the great lakes and the ocean. There will be ships of foreign registry plying the inland waters, and since we are endeavouring to remove all obstacles to ships travelling from the ocean to the head of the lakes I think we should try to streamline the administration and have foreign and Canadian vessels come under the one authority. While this may not be the time to discuss the matter I am wondering if any thought has been given to it. I think this would be the proper solution for traffic over our inland waters.

Item agreed to.

Marine services—

440. Marine services administration, including agencies, $670,240.

Mr. Green: I understand that this is the item under which the search and rescue service is provided. Could the minister tell us the present situation with regard to that service?

Mr. Marler: For some reason or other which has always puzzled me when anybody mentions the subject of search and rescue he always seems to direct his attention to me. While I may be flattered by the attention I get in this way, the fact does remain that this is the primary responsibility of the Department of National Defence and the co-ordination is carried out by the Department of National Defence.

As the hon. member for Vancouver-Quadra knows, the facilities of all departments which operate sea-going vessels are

part and parcel of the search and rescue organization. We have a number of ships, and I suppose for that reason when the subject of search and rescue is mentioned everybody looks to the Department of Transport and seems to imply that the problem of search and rescue is exclusively one of transport. I do not think that is the situation as search and rescue is organized at the present time. All we do is play our part in providing ships where agency vessels may be used in the process, and also to facilitate the problem of communications.

I think the hon. member is fully aware of the situation as to search and rescue generally, and I do not think I can say anything more on this particular item than that our departmental vessels are available when they can be of service.

Mr. Green: Which department has the primary responsibility for the operation and extension of this service? Surely there must be one department of government which has that responsibility. Somebody has to be in charge; the Minister of National Defence or some minister must be responsible for the planning and extension of this service. As the minister knows, it has been in operation for only a short time and improvements will have to be made as the years go by. I suggest that some minister should be given this responsibility. It is quite true that there are several departments co-operating, but somebody should be the leader.

I have suggested that a proper coastguard service should be established, but the government has rejected that plan for this search and rescue plan. What I am concerned about is who is the responsible minister for seeing that this becomes a thoroughly efficient service. I do not think it is wise to have it under four or five different ministers.

Mr. Marler: I thought in my remarks a moment ago I had said plainly that the primary responsibility rested on the Department of National Defence. As the hon. gentleman knows, I think, that department co-ordinates the search and rescue activities of the navy, when the navy can be of assistance, and the air force and all the various other departments, and of the ships which may be somewhere in the vicinity of the need and which may respond to it, but the responsibility for co-ordination and correction, as I understand it, rests with the Department of National Defence.

Mr. Green: Are there any plans in mind for the extension of this service?

Mr. Marler: I think that would have been a good question for the hon. member to put to the Minister of National Defence when his estimates were under consideration. I can only speak insofar as my own department is concerned. I shall say to the hon. member that we have been considering whether in the design of our agency vessels we can make some changes which would make them better suited for carrying out search and rescue operations where it is possible to do so.

The hon. member mentioned the subject of coastguards. He is probably fully familiar with the situation in the United States, but those who are continually preaching the idea of a Canadian coastguard on the lines of the United States coastguard must remember that the United States spends something of the order of $125 million a year just for this coastguard service. They carry out a number of functions that are carried out in Canada by various departments. For example, as I understand the origin of the United States coastguard, it was designed primarily for revenue purposes, to control smuggling. That is not a function now of the Department of Transport; it is carried out by the R.C.M.P. The question of the supply of buoys, the sort of work that is carried out through marine service for the Department of Transport, is likewise done by the United States coastguard. They go in for icebreaking, as we do. They have some of the functions of the Department of Transport, some of the R.C.M.P. and some of other departments. What is perhaps unfortunate is that it is difficult for any single individual to specify all the single services of any one department which it might be described as those of a coastguard.

Mr. Green: Is there any civil servant who has the responsibility for heading up the search and rescue service, or is it merely a matter of co-operation among the departments?

Mr. Marler: That is a question the hon. member should have put on the estimates of the Department of National Defence.

Mr. Green: There is no vote under the Department of National Defence for a search and rescue service as such. Does the minister not think it would be advantageous to organize this service in such a way that it would come under the direction of some particular minister and some particular deputy?

Mr. Marler: I hope the hon. gentleman does not ask me to repeat what I have already said twice; that is, that the primary responsibility rests under the Department of National Defence. I have 95 or 96 items in my budget and I am quite prepared to deal with those,

but I do not wish to add the items of the Department of National Defence to the 95 I already have.

Mr. Nowlan: May I say this in supplementing what the hon. member for Vancouver-Quadra has just said. The minister tells us that questions with respect to the coastguard or search and rescue should have been asked in connection with the Department of National Defence.

Mr. Marler: I am saying rescue, not coastguard.

Mr. Nowlan: As the hon. member for Vancouver-Quadra has said, there is no item in the defence estimates where we could have possibly asked that question. This is a matter I have raised for many years, and I must say that the present minister is much more modest than his predecessor, because his predecessor at one time took the responsibility for the fact that he was co-ordinating all the ships of his department and those of national defence and fisheries into what he said was equal to, if not better than, the coastguard service of the United States.

Those of us from the eastern seaboard, at any rate, have been much concerned about this for many years. There have been cases where the minister, if he looks back or has some of his staff go back through the debates in *Hansard* on this matter in years gone by, will find that this was raised. I have spent considerable time and given instance after instance where a coastguard service would have been of incalculable value.

Now we have a situation where the minister says, perhaps rightly, he has a great many items, but he has no item here for a coastguard. After all he is the Minister of Transport. His predecessors at any rate took some responsibility in this matter. We know that search and rescue operations were carried out by the air force operating out of Greenwood, Nova Scotia, and nowhere was there a more efficient search and rescue operation carried on than by the air force. But the air force cannot cover the whole field expected of a coastguard service. You cannot land planes in rough water, and so on. We saw an example in the recent disaster when the *Andrea Doria* collided with the Swedish ship. The United States coastguard was co-ordinating the rescue services, although the French liner and others took a primary part in it.

On the east coast we have had casualty after casualty over a period of many years. We thought at least there would be some co-ordination in dealing with the various services. The minister says it comes under the Department of National Defence, and apparently we should have asked the question of the Minister of National Defence about that. I say that the place to ask the question is on the estimates of the Minister of Transport, who at least in so far as his department is concerned three years ago took full responsibility for the way in which this should be handled and co-ordinated. He laughed to scorn those of us who said that there should be a coastguard service, and he said we had operating in co-ordination with the Department of National Defence a much more efficient service, or so he implied, than was operated by the coastguard service in the United States. I am not satisfied with this brush-off, and I say that with respect.

The Deputy Chairman: The hon. member for Comox-Alberni, I think, wanted to speak to the point of order, shall we say, that was raised.

Mr. Barnett: I have no great desire to speak on the subject that was raised, but I am interested in this question of search and rescue. I must say that I agree with the minister in part as to the question of search and rescue being under the Department of National Defence. Whilst there is not a specific item, there is a heading in the national defence estimates covering a vote of some $4 million.

Some hon. Members: Eleven o'clock.

Mr. Barnett: Nevertheless, perhaps part of this misunderstanding may arise out of the fact that historically, certainly on the British Columbia coast, marine rescue as such is the responsibility of the Minister of Transport. The minister was talking about departmental vessels which service lighthouses.

The Deputy Chairman: I hesitate to interrupt the hon. member, particularly as I invited him to speak, but several members are drawing to my attention the fact that it is now more than an hour past ten o'clock. It might be of some slight assistance to the committee, before this item is resumed, if I point out that I have not the *Hansard* before me but I have my marked copy of the estimates. There was a heading of search and rescue called for discussion—it was No. 14 under the Department of National Defence and will be found on page 338 of the details —when we were calling the headings. I do not pretend to remember how general the discussion was, but it is my view that it was fairly general.

I think I might say at this time what I said on a somewhat similar point of order, that I do not think the discussion of the subject, in so far as it applies to the vessels and the

responsibilities of the Department of Transport, can be ruled out of order; but a minister cannot be compelled to answer questions when he says it is not within his competence to answer.

Mr. Green: May I point out that the item to which you have referred is Royal Canadian Air Force, search and rescue.

The Deputy Chairman: I remember that.

Mr. Green: That has nothing to do with vessels.

Mr. Marler: That is the very thing we are talking about.

The Deputy Chairman: I remember that. I do not want to be in the position of debating, and I am not trying to. I think it will be found that there was a fairly general discussion but I have not *Hansard* before me.

Item stands.

Progress reported.

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

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall start with the estimates of trade and commerce and then take privy council.

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

Questions

ANSWERS TO QUESTIONS

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

CAMP GAGETOWN, N.B. CONSTRUCTION—BANKRUPTCIES

Question No. 553—**Mr. Bell:**

1. How many bankruptcies have taken place to date in connection with the Camp Gagetown construction in New Brunswick?
2. How many contracts have been changed due to bankruptcies?
3. What guarantee is given that a subcontractor can carry out his contract?
4. What provision is made to ensure that subcontractors are paid?
5. Has any high sheriff of New Brunswick been refused the right to carry out his official duties in the army camp?
6. If so, for what reason, and what protection exists for a citizen to recover his property?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Defence Production:**

1. Two.
2. None.
3. None.
4. A statutory declaration is obtained from the prime contractor accompanying his second progress claim and all subsequent claims stating that all the subcontractors, labour and accounts for material entering into the construction portion of the work as set forth in the previous claim have been duly paid.
5. Yes, on one occasion.
6. Following the bankruptcy of a subcontractor, a high sheriff of New Brunswick gave 24 hours' notice that he intended to replevy certain goods from the premises of Camp Gagetown. Since payment had already been made to the prime contractor for the goods in question, an interim injunction was obtained on behalf of this contractor in order to examine the situation before the goods were removed from the army camp. Subsequently, upon the issuance of a writ claiming a declaration that a supplier held title to certain goods delivered to the site and that it was entitled to revendicate the said goods, the interim injunction was permitted to lapse. Legal action is now pending to determine title to the goods in question, and the recovery of the goods will depend upon the decision of the court.

POST OFFICE BUILDING, ST. THOMAS, ONT.

Question No. 577—**Mr. McBain:**

1. When will tenders be called on the new St. Thomas, Ontario, post office or public building?
2. Have temporary quarters been leased for the Post Office Department?
3. If not, by what date will temporary quarters be required?

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

1. Not known. There are still matters to be settled in connection with the site.
2. No.
3. Answered by No. 1.

AIRPORT, NISKU, ALTA.—PROPOSED LOCATION

Question No. 580—**Mr. Holowach:**

1. Has the government or any agencies thereof received any submissions or resolutions from anyone protesting the location of the proposed airport near Nisku, Alberta?
2. If so, from whom?
3. What are the legal descriptions of land acquired for this project?
4. What are the names and addresses of persons whose land is affected?
5. What is the total amount paid to date for these properties?
6. How many properties are still to be purchased and at what estimated cost?
7. Have any tenders been called or contracts awarded for construction of this airport?
8. When is it planned actual construction will commence?

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

1. No.
2. Answered by No. 1.

3 and 4. As stated in answer to parts 5 and 6, no properties have yet been actually acquired. Parcels of land expected to be acquired and names of owners are as follows:

Parts of sections 2, 11, 14 and 23 west of highway No. 2; sections 3, 4, 9, 10, 15, 16, 17, 21 and 22; N.E. $\frac{1}{4}$ of 5; E. $\frac{1}{2}$ of 8 and the S.E. $\frac{1}{4}$ of 20; all being in township 50, range 25, west of the 4th meridian.

Fred Hannas, Teofan Pyrcz, Bessie Haryniuk, Steve Pyrcz, Alexander P. Dublenko, Herbert Leo Matter, Theodore Leo William Matter, Emil Filan, Nick Yaremko, Nicholas Yaremko, Julius Breitkreitz, A. Cameron McKenzie, Emanuel L. Neiman, John Czuroski, Edward Schneider, Harry Richard Yaremko, Harry Hammermaster, Joseph Gola, Albert Kuhn, Nellie Czurowski, Martin Shavenko, Harry Fedor, Oscar Lechelt, Roderick Oliver Johnston, Mabel Johnston, Michael Forester, Karl Tarka, Antonio Chymera, Antone Chemera, William Biederman, Charlie Gramms, William Wedman, Herman Kuhnert, Gotlieb Kopf, Otto Herman and Florence Glasere, William Prysko, Elmer William Stack, William Stebner, Herman Schneider, Robert Hickey, Wilfred Hickey, John David Pogue, George Hickey, Archie Arthur Crosley, Tony Crosley, Leo David Crosley.

5 and 6. Expropriation plan is in process of being registered and no properties have been acquired or paid for.

7. No.

8. As stated by the Minister of Transport in Edmonton on October 24, 1955, construction of the airport is expected to start in 1957.

CABOT TRAIL—HIGHWAY CONSTRUCTION CONTRACTS

Question No. 587—**Mr. Buchanan:**

1. To whom have contracts been awarded since April 1, 1956, for highway work on the Cabot trail?

2. What amounts of money are involved; what is the nature of the work, and the mileage concerned?

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

1 and 2. Two contracts were awarded to the Modern Construction Co., Ltd., Moncton, N.B.

First contract: Grading, provision of culverts and base course for approximately 5·3 miles from the Cheticamp entrance to Trout brook—$469,682.

Second contract: Grading, provision of culverts and base course for approximately 4·7 miles from Trout brook to French mountain; seal coat Neil's harbour to Effie's brook, approximately 8·2 miles; and superstructure for McKenzie river bridge—$724,398.70.

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

A—Department—

58. Departmental administration, $500,150.

60. Citizenship branch, $761,200.

Miscellaneous grants—

61. Canadian general council of the Boy Scouts Association, $15,000.

62. Canadian council of the Girl Guides Association, $12,000.

63. Boys' Clubs of Canada, $10,000.

64. Canadian Writers' Foundation, $6,000.

Immigration branch—

65. Administration of the Immigration Act, $950,650.

66. Field and inspectional service, Canada, including $10,000 for grants to immigrant welfare organizations, $5,763,851.

67. Field and inspectional service abroad, $1,800,831.

68. To provide, subject to the approval of treasury board, for trans-oceanic and inland transportation assistance for immigrants, including care en route and while awaiting employment, $450,000.

Indian affairs branch—

69. Administration, $484,147.

Indian agencies—

70. Operation and maintenance, $2,609,236.

71. Construction or acquisition of buildings, works, land and new equipment, $591,776.

Reserves and trusts—

72. Operation and maintenance, $291,294.

Welfare of Indians—

73. Operation and maintenance, $2,638,947.

74. Construction or acquisition of buildings, works, land and new equipment, $1,153,753.

75. Grants to agricultural exhibitions and Indian fairs, $7,750.

76. Fur conservation, $330,095.

Education—

77. Administration, operation and maintenance, $9,678,096.

78. Construction or acquisition of buildings, works, land and new equipment, $4,441,000.

79. Grant to provide additional services to Indians of British Columbia, $100,000.

National gallery of Canada—

81. Payment to the national gallery purchase account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act, $130,000.

82. To provide for the construction of a permanent Canadian pavilion at the Venice international biennale of art from currencies owned by Canada and available only for governmental or other limited purposes in Italy, $25,000.

83. Grant to Royal Canadian Academy of Arts, $4,025.

Immigration branch—

526. To provide, subject to regulations of the treasury board, for working capital advances in the current and subsequent fiscal years to posts and employees on posting abroad, and to authorize the creation of a special account in the consolidated revenue fund to which shall be charged such advances and to which shall be credited expenditures made by and advances recovered from the said posts and employees; the excess of the amounts charged over the amounts credited to the account at any time not to exceed $275,000, of which $230,000 has already been provided under vote 626, Appropriation Act No. 2, 1955, $45,000.

A—Department—

608. Departmental administration—further amount required, $60,356.

Citizenship—

Miscellaneous grants—

609. Grant to the Canadian council of the Girl Guides Association towards defraying a portion of the operating costs of the centenary world camp to be held in Canada in the summer of 1957, $25,000.

Immigration branch—

610. Administration of the Immigration Act—further amount required, $159,317.

611. Field and inspectional service, abroad—further amount required, $247,435.

612. To provide, subject to the approval of treasury board, for trans-oceanic and inland transportation assistance for immigrants—further amount required in order to provide for transportation and other assistance to immigrants and settlers from April 1, 1956, $2,255,000.

Indian affairs branch—

613. Reserves and trusts—operation and maintenance—further amount required, $37,525.

614. Welfare of Indians—operation and maintenance—further amount required, $225,900.

615. Education—administration, operation and maintenance—further amount required, $512,056.

National film board—

241. Administration, production and distribution of films and other visual materials, $3,351,859.

242. Acquisition of equipment, $157,622.

243. To provide for the dismantling, conversion and installation of existing equipment, acquisition of new equipment, removal expenses and other costs related to the transfer of the national film board to new building, $1,026,127.

653. To provide for the dismantling, conversion and installation of existing equipment, acquisition of new equipment, removal expenses and other costs related to the transfer of the national film board to new building—further amount required, $68,800.

A—Public archives—

334. General administration and technical services, $408,971.

B—National library—

335. General administration, $146,221.

336. Payment to the national library purchase account for the purpose of acquiring books, in conformity with section 12 of the National Library Act, $40,000.

Public archives—

529. To authorize the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purpose of producing, processing or dealing in microfilm, the amount to be charged to the revolving fund at any time not to exceed, $27,500.

DEPARTMENT OF TRANSPORT

436. The St. Lawrence river joint board of engineers—Canadian section, $180,180.

Canal services—

437. Administration, $137,030.

438. Operation and maintenance, $6,268,240.

439. Construction or acquisition of buildings, works, land and equipment, including payments to provinces or municipalities as contributions towards construction done by those bodies, $1,499,975.

HOUSE OF COMMONS

Thursday, August 9, 1956

The house met at eleven o'clock.

NATIONAL DEFENCE

REFERENCE TO REQUEST FOR PARLIAMENTARY COMMITTEE

On the orders of the day:

Hon. W. Earl Rowe (Acting Leader of the Opposition): Mr. Speaker, in view of the alarming revelations expressed by two of Canada's outstanding military authorities, that is by General Macklin at the 25th annual Couchiching conference yesterday, and by General Guy Simonds in a recent interview, does the Prime Minister not believe it would have been advisable for the government to have accepted the recommendations made by the Leader of the Opposition to set up a parliamentary committee to hear these and other authorities who are repeatedly charging his government with dangerous errors, waste, extravagance and misdirected efforts in its defence policy?

Right Hon. L. S. St. Laurent (Prime Minister): That is a matter of opinion. I am not suggesting that the opinions expressed by the opposition were not sincere and intended to be beneficial, but I hope that hon. members will consider that we exercised our best judgment on that suggestion, and we did not think that kind of controversy would be of benefit to the cause of preserving peace in the world.

Mr. Rowe: A supplementary question: I should like to ask the Prime Minister if he does not consider the statements made yesterday to be most alarming to the Canadian people and something on which we should have a report from the government?

Mr. St. Laurent (Quebec East): I think they were intended to be alarming by those who made them, but I do not think they have created the alarm in the public mind that was intended.

NATIONAL REVENUE

LETHBRIDGE—COST OF OPERATING DISTRICT OFFICE

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I should like to direct a question to the Minister of National Revenue, notice of which I have not previously sent him. In view of the minister's statement on July 27 giving the cost of salaries in the Lethbridge income tax office as $15,620 for 1951 and $17,060 for 1952, has the minister in reading the Holberton letter, a copy of which I put into his hands on August 7, noted that Mr. Holberton positively states that the staff in the Lethbridge office during 1951 and 1952 consisted of only one man and a stenographer? Will the minister tell the house how his informant arrived at the impressive salary costs which the minister gave the house on July 27 in relation to the upkeep of the Lethbridge income tax office, namely $15,620 and $17,060?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I did receive a letter from the gentleman mentioned and also a copy of that letter from the hon. member for Lethbridge. I see no reason why the matter should promote any controversy at all. I prefer to take the statements of my officials rather than those of an ex-employee of some five or six years ago who has made some contradiction with reference to the accuracy of the reported costs of that particular office. The matter of costs is not at issue; the matter at issue is whether or not the course we have taken of closing the office at Lethbridge is in the best interests not only of the department from an economic point of view but of the taxpayers of southern Alberta, whom we feel will get much better service by dealing with the Calgary office rather than with a suboffice at Lethbridge at which there are but three employees who were not in position to give the type of service we want to give.

Mr. Blackmore: No one can express facts any better than the minister has in his recent statement, but that is exactly what we are concerned about. I am asking whether the minister's statement which he gave to the house on July 27 was accurate, and that is also an equally important matter.

Mr. McCann: To the best of my knowledge the statement is accurate to a nickel. I prefer to take the statement of my officials rather than that of someone who is more or less disgruntled and who was an employee five years ago.

Mr. Blackmore: May I ask the minister if he is certain he can rely on the men who prepared the statement given to him?

Inquiries of the Ministry

Mr. McCann: I have relied on them for years. I would not have anybody in the Lethbridge office on whom I could not rely.

EXTERNAL AFFAIRS

NATO—REFERENCE TO REPORTED REDUCTION IN UNITED KINGDOM FORCES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to address a question to the right hon. Prime Minister. In view of the news report over the Canadian Broadcasting Corporation this morning that the United Kingdom is reducing her NATO forces in Europe due to the Suez canal crisis by perhaps as much as a division, can the Prime Minister tell the house what effect this will have on Canada's military commitments to NATO?

Right Hon. L. S. St. Laurent (Prime Minister): The news report over the radio may be accurate, but we have not yet received any official information from the United Kingdom that they do intend to reduce their forces in Europe. We prefer to wait until we get official information before we attempt to assess what effect it may have on the forces of the North Atlantic alliance.

Mr. Nesbitt: May I ask a supplementary question. Does the Prime Minister not consider that this proposed reduction in NATO's forces is a serious threat to NATO's present military effectiveness?

Mr. St. Laurent (Quebec East): I am convinced that the authorities of the United Kingdom would not wish to do anything that would create a serious threat to the continued existence of the North Atlantic Treaty Organization.

CITIZENSHIP AND IMMIGRATION

REQUEST FOR PERSONNEL AND OBJECTIVES OF EUROPEAN COMMISSION

On the orders of the day:

Hon. W. Earl Rowe (Acting Leader of the Opposition): Mr. Speaker, in view of the radio report yesterday with reference to a commission from the Department of Citizenship and Immigration now travelling in Europe, would the minister indicate the personnel and objectives of this commission?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I did not hear the radio report. Apparently I do not listen as assiduously as some other hon. members. I shall try to find out what it is about and answer later.

[Mr. Blackmore.]

STORMS

BRUCE COUNTY, ONT.—INQUIRY AS TO REQUEST BY PROVINCE FOR ASSISTANCE TO VICTIMS OF TORNADOES

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, further to a question which I asked on July 25 concerning damage by tornado in Bruce county, may I direct a question to the Minister of Finance. Has the minister been asked for federal financial aid to assist tornado victims in Bruce county and, if so, would he care to tell the house what, if any, conclusion has been arrived at?

Hon. W. E. Harris (Minister of Finance): I received a letter from the clerk of the municipal corporation of the county of Bruce and have been corresponding with him, but no conclusion has been reached.

Mr. Robinson (Bruce): Owing to the fact that the Ontario provincial government has promised assistance to these victims, will the minister give sympathetic consideration to matching the provincial aid?

Mr. Harris: I am giving consideration to all the factors involved.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

415. Departmental administration, $628,021.

The Chairman: Hon. members will find this vote on page 67 of the blue book and the details commencing on page 507.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Chairman, some three or four weeks ago I spoke at some length about the Canadian trade position, and I do not intend at this time to repeat what I said on that occasion.

Very briefly, our trade is thriving. Exports are at remarkably high levels. Imports continue to pour in to meet the demands generated by our rapid development and prosperity which cannot be satisfied within Canada. As I said before, the resulting deficit on current account is a sign not of weakness but of strength, since it results primarily from developments which strengthen the economic fabric of the country and which will in the future increase exports and reduce imports.

On this occasion I should like to discuss not the figures of trade but the efforts which Canada has made and has participated in

to maintain our markets abroad and to provide new opportunities for greater trade.

First, a word about the Canadian foreign trade service. During the past year a new office was opened in Salisbury, Southern Rhodesia, bringing to 54 the number of our trade offices located at strategic centres abroad, which compares with a total of 31 only ten years ago. Our files show that in 1955 the 112 trade commissioners who manned these posts played a direct part in bringing to Canada more than $100 million worth of new business. Periodic conferences of trade commissioners are held, such as the recent one held in Ottawa of our officers stationed in Latin America, at which representatives of Canadian industry were present and participated in a valuable exchange of views.

The foreign trade service carries out a continuous review of world markets to determine where our trade interests would benefit through having a resident trade commissioner. This year consideration is being given to the opening of new trade offices in Hamburg, Colombo, Los Angeles and Teheran. To meet the service's growing personnel needs we are seeking to recruit men of the highest caliber, men who are interested in serving Canada in what, to my mind, is one of the most interesting and rewarding careers of government service.

As I indicated a year ago when the decision was made to bring the Canadian international trade fair to an end, greater emphasis is being placed on participation in overseas trade fairs. We are doing everything possible to bring Canadian goods to the attention of the buyer in his own country.

In the course of the current year the Department of Trade and Commerce has prepared major exhibits for ten international trade fairs abroad. The fairs at Utrecht, Osaka, Milan, Brussels and Hanover have already taken place. Later this year we shall be exhibiting at the fairs in Lausanne, Manchester, London, Paris and Bogota. Smaller exhibits were arranged at a nutrition fair in Havana and a food show in Los Angeles, and we shall assist our footwear manufacturers at an industry show in Chicago in October.

In addition to participation at these international fairs and industry shows, we have continued to operate our Canadian showroom in Rockefeller Centre in New York. This "sales laboratory on Fifth avenue" as it has been termed, is enabling some of our manufacturers to test and enter the valuable New York market with their products.

I turn now to Canada's part in trade negotiations, in other words to the efforts being made to improve the opportunities for trade upon which Canadian prosperity so largely depends. Canada is the fourth largest trading nation and her share of world trade has increased. Our present economic well-being and our continued expansion depends on high levels of trade.

It is for these reasons that Canada has continued to play a leading part in the constructive work of international co-operation under the general agreement on tariffs and trade. As a result of the four rounds of world tariff negotiations held under GATT, tariff levels have been significantly reduced over a very wide area of world trade. We have enjoyed a degree of world tariff security and stability never known before. Canada has taken part in each of the tariff conferences held under GATT, and we have obtained tariff concessions of value to our exporters in every region of Canada and affecting all our major exports in almost every important market.

The United States is by far the largest market for Canadian exports. I am happy to say that our exports to the United States increased by $142 million in the first six months of 1956 in comparison with the first six months of 1955. At present over one-half of our exports to the United States enter that country free of duty. This includes many of our major exports. Of the dutiable goods, over two-thirds now enter at United States rates of duty equivalent to about 10 per cent ad valorem or less. Many of our products enter the United States at tariff levels which had been reduced prior to this year to one-half or less of the levels prevailing before GATT, and to less than one-quarter of the rates in effect in the 1930's.

Here are some examples of Canadian exports on which the United States tariff has been significantly reduced over the years: the United States tariff on apples which was 25 cents a bushel in the 1930's has been reduced to 12½ cents a bushel; the United States tariff on birch plywood which was 50 per cent in the 1930's has been progressively reduced to 15 per cent; the duty on a wide range of electrical goods has been reduced from 35 per cent in 1930 to less than 15 per cent; the duty on aluminum was 4 cents a pound in 1930 and will be reduced to 1¼ cents a pound in the near future; on a wide range of iron and steel manufactures the United States tariff has been cut from 45 per cent before GATT to 19 per cent in the most recent negotiations; on synthetic rubber the duty before GATT was 20 per cent and will shortly be reduced to 8½ per cent; the duty on a large variety of chemicals has been reduced in GATT negotiations from 25 per cent to 10½ per cent.

In our relations with the United States we are, of course, most vitally concerned not only with the tariff levels affecting our goods but even more with the direction of United States tariff and trade policies generally. Without wishing in any way to minimize the threats created by United States restrictive action, it is of interest to note that only in two cases has the United States actually withdrawn concessions negotiated with Canada under GATT. Since 1948, of the 57 investigations completed by the United States tariff commission to determine whether imports were causing injury to United States producers, only seven resulted in action by the United States President to increase the tariff, and of these only one case affected Canadian trade. With reference to United States import restrictions upon certain agricultural products, there have been no new developments to report in the past year. We are extremely gratified that the President has recently given approval to the customs simplification act which has been under consideration for a long time. While this act does not go as far as we had originally hoped, it promises to be a real step ahead in the solution of some of our customs valuation difficulties in the United States.

The government has likewise continued at all times to promote the expansion of trade with the United Kingdom in both directions. In so far as the tariff is concerned, Canadian goods enter the United Kingdom either free of duty or at low preferential rates. Similarly, we provide preferential tariff treatment for most United Kingdom exports to Canada. Over the past few years United Kingdom import restrictions have also been considerably relaxed, and most basic foodstuffs and industrial materials, including about 80 per cent of our current exports to the United Kingdom, are now free of all import controls.

One of the most significant features of our trade with the United Kingdom was the sharp rise of Canadian exports to that country. Our exports rose by $116 million above the levels of 1954 to reach a record level of $769 million last year. We are fully aware that the United Kingdom market will be opened up to our goods in direct measure to the success achieved by the United Kingdom in sales to Canada and other countries. In this connection I am happy to note that in the first six months of this year United Kingdom exports to Canada have increased by 30 per cent to record levels and that this appears to be a continuing trend.

Our exports to our commonwealth partners other than the United Kingdom increased in 1955 by $42 million. This increase, which is being maintained this year, was made possible by extensive relaxations in import restrictions which have taken place in commonwealth countries in recent years. Last month the Australian government announced a tightening up of import restrictions to protect its balance of payments. I am pleased to be able to inform the house that this intensification is apparently not intended to apply to products imported from Canada. We are hopeful, therefore, that we will fully maintain our markets in Australia.

In South Africa further relaxations of import restrictions, particularly on manufactured goods, were introduced to take effect this year. For the last two and a half years these controls have been non-discriminatory. In New Zealand about 150 products or groups of products may now be imported without restriction from Canada. Among these are such products as agricultural machinery, tobacco, textiles, paper products, metal products and a considerable variety of manufactured goods. In the new federation of Rhodesia and Nyasaland 500 additional items were removed from import restrictions early this year. These products may now be imported freely from Canada. Hon. members will recall that last month I announced in the house that further products had been removed from import restriction in the British West Indies.

Our sales to European markets have constantly risen in proportion with our growing total export trade, and Europe has retained her traditional position as our third largest trading area, taking about 9 per cent of our exports, the same proportion as pre-war. Last year our exports to Europe rose by $40 million over 1954 to a total of $390 million. In the first five months of this year Canadian exports to Europe increased again by $54 million.

It has been most gratifying to see the significant progress that has been made in the United Kingdom, in other commonwealth countries and in Europe in the dismantling of import restrictions originally imposed for balance of payments reasons. The United Kingdom and other countries that had found it necessary to impose dollar restrictions themselves recognize that their export industries must become fully competitive in world markets. Any other course would breed high costs and inefficiency, and would multiply rather than resolve their basic economic problems.

I now wish to refer briefly to the government's trade agreement program in recent years. Canada now maintains most favoured nation trade relations with almost every country in the world, either through separate trade

treaties or through our participation in GATT. We have paid particular attention to establishing a sound basis for the development of trade with the countries of Latin America. We now have most favoured nations relations with every country in that area.

The trend of our exports to Latin American countries has, however, been disappointing in some respects. The statistical totals are well below the peak level which was achieved in 1952. There were exceptional circumstances, however, such as the high level of wheat sales and the aftermath of the Korean war which accounted for that peak, and it is not too difficult to see why our exports have fallen since then. From a longer point of view, our exports to Latin America are running at a rate which is ten times the level pre-war, say of 1938.

In 1954 Canada concluded a trade agreement with Japan, a country which had become our third largest market. As a result of this agreement Japan removed all discriminatory restrictions on the importation of wheat, barley, flax seed, wood pulp and certain other Canadian products. Our trade with Japan has continued at high levels and is directly contributing to the prosperity of many Canadian industries.

The trade agreements negotiated with Spain and Portugal in 1954 have placed our relations with those countries on a more assured basis and have created, for the first time since the war, continuing opportunities to sell Canadian salt fish in those traditional areas.

On February 29 of this year I announced the conclusion of a trade agreement between Canada and the Soviet union designed to provide a new and important market for Canadian wheat, and which may also create new opportunities for the export of other Canadian products.

To summarize, Mr. Chairman, we are pursuing an active and successful export promotion policy designed to strengthen the Canadian economy and to create favourable conditions for continued growth in the future. We wish to live in a world where Canada has fair and equal access to world markets, where the countries who need our goods can buy from us freely and we in turn can buy from whatever markets are in the best position to supply our import requirements. This, we believe, is the only kind of a trading world that makes sense in the long run for any country dependent on trade, and this is the only kind of trading world in which Canada can fully develop her resources and her industries on a sound competitive basis. Canada's interests can best be served through continued policies of multilateral trade.

Mr. Fleming: Mr. Chairman, the Department of Trade and Commerce this year asks approval of estimates totalling $24,226,785, which is an increase of $4,859,715 over last year's approved estimates of $19,367,000. As compared with this last figure of approved estimates for the fiscal year 1955-56 the actual expenditures of this department in the fiscal year ended last March 31 were $17,653,459, indicating that the house voted 9 per cent more than the department found it necessary to spend. The increase in this year's estimates over last year's actual expenditure is therefore $6,573,326, or 37 per cent more than the department found it necessary to expend last year.

There are two items in particular in this year's estimates which have been enlarged; they are item No. 423, for the Brussels exhibition, and item No. 429 for the census.

It is usual on this first item to have a general policy debate, and because trade and commerce covers such a wide range of governmental activity and policy usually the debate has ranged widely. This year I think without loss of any profitable discussion the debate can perhaps be somewhat abridged by reason of some recent debates which have been held in this house. I refer in particular to four debates.

The first was the debate on April 18 on the resolution to ratify the trade agreement with Russia. The second was on July 9 and 10 on our Conservative amendment to the supply motion, which amendment set forth our national development policy. That debate embraced our views on trade quite extensively. The third debate was that of August 1, during the review of the estimates of the Department of External Affairs when, as reported at page 6811 of *Hansard*, we had the opportunity to renew the plea of this party that the government call a commonwealth conference on trade and economic questions. The fourth debate was on August 6 on the resolution to approve the international wheat agreement, during which the whole subject of wheat marketing was extensively debated.

The importance of trade to the world and to Canada has been emphasized by all that has happened since a year ago, when the house debated the estimates of this same department. We are aware that Russia has turned from the cold war to an economic struggle for world mastery. Mr. Khrushchev is reported as having stated to some Americans visiting Russia last autumn:

> We value trade least for economic reasons, and most for political purposes.

While Canada has always valued trade for economic purposes, we cannot close our eyes

to the importance that trade holds in a political sense in the kind of world in which we live. We are therefore glad that in 1955 a new record was established in the value of world trade, and that Canada retained fourth place among the trading nations of the world in terms of value, ranking after only the United States, the United Kingdom and the Federal Republic of Germany. On a per capita basis in 1955 Canada ranked second only to New Zealand among the trading countries of the world.

I have a few remarks to make on the subject of total trade. The annual report of the department indicates on page 15 that Canada's total commodity exports in 1955 rose from $3,947 million in 1954 to $4,351 million, an increase of 10·2 per cent. The increase in imports, however, is much more striking, these having risen from $4,093 million in 1954 to $4,712 million in 1955, an increase of 15·1 per cent. In 1955 for the third successive year Canada incurred what is called nowadays a deficit balance on commodity trade. The excess of Canadian purchases over Canadian sales last year was $360 million.

The figures for the first six months of 1956 are perhaps even more striking. Due to the increase in our exports of wheat our total exports rose from $2,063 million in the first six months of 1955 to $2,304 million in the same period of 1956, an increase of 14 per cent. Again our imports have risen in a much more significant degree, from the 1955 total for the first six months of $2,209 million to $2,831 million for the first six months of 1956, an increase of approximately 30 per cent. With this substantial increase in imports has come a remarkable increase in our total trade deficit. During these six months Canada purchased abroad $537,500,000 more than she sold abroad. This is a record total commodity trade deficit.

I have a word to say about the direction of Canada's trade. We have drawn attention repeatedly in the past to the concentration of Canada's trade in one channel. This has been described as placing Canada's trading eggs in one basket, namely the United States. We have drawn attention to the peril of increasing this concentration in one channel, as it makes Canada's external trade position very vulnerable to changes in the trading policies of our friendly neighbour to the south. On page 16 of the annual report of the department for 1955 hon. members can see the figures on trade with certain countries. Our exports to the United States occupy the following percentages of our total exports:

1953	59 per cent
1954	60 per cent
1955	60 per cent

[Mr. Fleming.]

Our imports from the United States were the following percentages of our totals:

1953	73·5 per cent
1954	72·3 per cent
1955	73·3 per cent

In brief, two-thirds of all our external trade, both export and import, is done in the one channel. I suggest to hon. members that, whilst we all warmly value our friendly relations with the United States, this concentration of Canada's trade in one channel does make Canada's trade position extremely vulnerable.

This same trading relationship with the United States is characterized by a tremendous imbalance. Our trading deficit with that country, by which we express the excess of our imports from that country over our exports to her, amounted in 1954 to $594 million. That figure had increased in 1955 to no less than $840 million, an increase of 41·4 per cent from the year before.

The government applauds this tremendous excess of Canada's imports from the United States over our sales to the United States. The government takes satisfaction in this import balance. Indeed, the minister said this morning that our deficit on current account is a sign not of weakness but of strength. We do not take the same easygoing view of this tremendous excess of Canada's imports over her sales particularly to the United States.

It is to be remembered that this huge trading deficit is paid for by Canada today by importing United States capital. We welcome United States capital in this country, but it should be here for some other purpose than simply to pay for the deficit in our current account. We are mortgaging our patrimony to pay for this huge excess of imports over exports, and many of those imported commodities could with wise policies be produced in Canada by Canadian workmen.

The daily bulletin of the dominion bureau of statistics of July 6 points out that "the unusually large capital inflows into Canada have served to finance the import balances". We should like to see those capital inflows serving some more lasting and beneficial purpose than simply paying for a deficit on our current account.

The *Financial Times* is quoted in a Reuters dispatch of June 22 from London as saying of our present trading deficit:

> That must be a record for any country not in the midst of a devaluation crisis. It means that some 25 per cent of Canadian expenditure abroad is not being met out of current income.

Let it not be pretended that this fact is something pointing to strength in Canada's

trading position. Let us examine the trend of 1956. The trend I have spoken of has continued into 1956, not only unabated but actually on the increase. The figures for the six months' period are not available in complete form, but the figures on imports from the United States for the first five months of this year show that our imports from that country were $1,765 million, up 31 per cent from the figure of $1,349 million a year ago. Because our imports from the United States increased very much more than our exports to the United States, the import balance on our commodity trade with the United States rose from $352,800,000 in the first five months of 1955 to $625 million in the first five months of 1956.

That is a record import balance in our trade with the United States. We have been averaging this year a record deficit in our trade with the United States of $125 million a month, and if that continues throughout the whole of the calendar year 1956—and there is no reason to doubt under present conditions that it will—Canada's trading deficit with the United States in the year 1956 will amount to $1,500 million, a figure far exceeding anything that has occurred in past history.

The government does not see any cause for alarm in this tremendous trading deficit. Apparently it sees only reason for satisfaction.

I do not need to repeat what we said in the debate in the house on July 9 and 10 concerning the nature of our trade with countries abroad. We drew attention then to the desirability of processing more of Canada's natural resources here in Canada.

On this matter of direction of trade let me remind the minister and the house that our trade with Latin America, which should be a large potential market for Canada's exports, is declining. It declined to $162 million in 1955 from $188 million in 1954 and $199 million in 1953. We are purchasing very much more from Latin America than we are selling to her. Indeed, in 1955 we purchased twice as much from Latin America as we sold to those countries. Why is our trade with Latin America not rising? The minister made a tour of Latin America some three years ago and came home bringing optimistic reports. Members will recall the report he made in this house, everything pointing to an increase in our trade with that important area of the world. All that has happened since that time has been a steady, unbroken decline in our exports to Latin America.

This morning the minister spoke of the increase last year by one in our trading posts abroad. The appointment of a Canadian trade commissioner in Salisbury, Southern Rhodesia I am sure will be welcomed by the house. Those of us who had the privilege of visiting Salisbury after the commonwealth parliamentary conference in Africa two years ago could not fail to be impressed by the vigour of the growth of that area and the desirability and opportunity of extending Canadian trade there.

Mr. Ken MacTaggart, in a series of articles written in the Toronto *Telegram* recently following a very extensive tour of Africa, drew attention particularly to the trade opportunities that await Canada in Nigeria, and I bring that to the attention of the minister. Mr. MacTaggart reported statements made by bankers and businessmen in Nigeria, pointing out that Canada is not grasping the opportunities that await her there for extending her trade in that growing part of the world, on which the benefit of self-government is shortly to be conferred.

The minister had something to say this morning about our trade with Japan. Several years ago the house gave unanimous approval to the new trading agreement with Japan. However, the figures on our trade with that country for 1955 show a decline in our exports to $91 million and a substantial increase in our purchases from Japan to $36·7 million. We still have a substantial surplus in our trade with Japan, an export surplus of $54·3 million last year. That is substantially reduced from other years. Next to the United Kingdom, Japan is the best market for Canadian wheat, but every now and again there come disturbing reports from that quarter of the world. In yesterday morning's press there appeared a report from Montreal, from which I read this opening paragraph:

> The entire foreign trade policy of Japan is to use "every possible device and bargaining position to promote exports and, at the same time, restrict imports to essentials", according to a report just released by three members of the Canadian primary textile industry who last fall made the first visit by a group from a Canadian industry to its counterpart in Japan.
>
> W. M. Berry, D. S. MacKay and K. C. Mills have produced a 75,000-word, illustrated, indexed book with 31 appendices that is a thorough study of Japanese business as related to the textile trade.

I am sure all hon. members are aware of the fears of the Canadian textile trade, already suffering severely from imports of textiles. This is a situation, of course, that will need to be watched.

As to our trade with the United Kingdom, I shall not take the time to reargue, but I simply now reassert our demand and our urgent request that the government call a commonwealth conference on trade and economic questions. We dealt with this in the

debate on external affairs last week. The Leader of the Opposition made the request before the Prime Minister left for London to attend the commonwealth prime ministers' conference. It is our earnest view, and we shall continue to urge it.

I have just a few words to say on GATT and the terms of the new agreement announced in the house on June 7. The negotiations for this new agreement were commenced in January, and it represents the fourth general round of multilateral tariff negotiations under GATT. Twenty-two countries negotiated concessions, covering $2½ billion worth of trade, or about 3 per cent of the total of world trade of $77 billion, using 1954 figures. Canada negotiated new agreements with the United States and 12 other countries in Europe and Latin America. Canada, however, did not negotiate directly with the United Kingdom or Japan.

The minister has spoken about the prospects of increased trade with the United States. There is no doubt that the recent negotiations will tend to accentuate the concentration of our trade with the United States. Of the $300 million of Canadian exports on which Canada received concessions from other countries, $200 million were exports to the United States. Canada gave concessions on $180 million worth of imports from other countries, of which $80 million were imports from the United States.

It is well to bear in mind, sir, that the United States tariff cuts in favour of our goods will be spread over a three-year period, 5 per cent of the reduction taking effect in each year, the first on June 30, 1956, the second on June 30, 1957 and the third on June 30, 1958 under the provisions of the United States 1955 trade agreements extension act. On the other hand, Canada's tariff reductions will be put into effect in their entirety in one step. The Minister of Finance made a statement to the house, as found at page 4793 of *Hansard*, when the agreements were announced in the house on June 7, and we assume there should be some statement made in the house concerning the carrying into force of the reductions that Canada has undertaken to make.

But, sir, while we have supported the principle of multilateral trade extension through agreements in this post-war period, we do draw attention to this, that the effect of this fourth extension of the GATT agreements is going to be an acceleration of the tendency to concentrate our external trade in the one channel, namely the channel with the United States. We do not like to see multilateral trade negotiations giving mere lip service to the idea of multilateral trade and becoming increasingly a contribution to an expansion of bilateral trade simply with one country, where we already have to a dangerous degree concentrated our trade.

The final matter I wish to deal with in these opening remarks relates to crown corporations. There are nine crown corporations that are responsible to the minister in his capacity as Minister of Trade and Commerce, apart from those that were referred to in the debate on the estimates of the Department of Defence Production a month ago. One crown corporation has been added recently to the list of corporations that are responsible to the Minister of Trade and Commerce. It is Northern Ontario Pipe Line Crown Corporation. The bill that established this corporation was given royal assent on June 7. There is, of course, no power to reopen the debate on that thorny measure, but there is the right on the part of the house to know fully what has happened since June 7 and to compare what has been done with the promises, representations and undertakings given to the house by the government in the course of the passage of that bill through the house.

The house is aware that on June 8 the corporation was established and five directors were appointed, and subsequently a general manager. It will not be forgotten that two facts stood out in the government's submission of that bill to the house. The first was the government's claim of urgency; that extraordinary measures, to put it mildly, had to be taken both in connection with the passage of the bill through the house and in the relationships with the corporation in order to complete the construction of the pipe line from the Alberta-Saskatchewan boundary to the vicinity of Winnipeg this year.

The second fact that was outstanding in the government's case in that debate was that the whole reason for favouring Trans-Canada Pipe Lines as the chosen instrument of the government for building the pipe line was that it had the organization, the contracts and, above all, an option on the 34-inch pipe necessary to construct the pipe line. On those representations by the government the majority in this house acted, and acted ruthlessly.

But we now find since June 7 that Trans-Canada Pipe Lines Limited had an option not on 575 miles of 34-inch pipe required to build this line from the Alberta border to the vicinity of Winnipeg, but on only about 25 per cent of the 34-inch pipe required for that purpose. I therefore say—and I base my remarks upon the record; I shall give hon. members who wish it the page references for what I say—that the house was

misled by the representations and statements made by the government. The house was led by the statements of the Minister of Trade and Commerce, the Prime Minister and the Minister of Finance to believe that Trans-Canada Pipe Lines had available all the 34-inch pipe that would be required to build this leg across the prairies.

Mr. Howe (Port Arthur): May I ask the hon. member a question?

Mr. Fleming: Yes.

Mr. Howe (Port Arthur): Is he aware that the contracts for pipe and for steel plate for pipe were tabled in the house well before the bill passed? I do not suppose my hon. friend took the trouble to examine them, but there was nothing concealed.

Mr. Fleming: The minister can say what he likes about the tabling of the contracts. The contracts, you will remember, were not incorporated in the legislation. The fact is that there were government statements made, —statements which appear in the record, many of them—on which no other interpretation could be put than that the government was saying to the house that the corporation had all the pipe required to build this prairie leg. I can give all the page references in *Hansard*; I have them all.

Finally, I draw attention to what was said in the house on August 3 when, after a report emanating from a source that was ascribed to Mr. Frank J. Simington of Edmonton that the pipe line now could not be completed to Brandon this year, there was a curious kind of denial, attributed to Mr. Low of Trans-Canada Pipe Lines. He said the report was "not officially true". Not officially true! What kind of a denial is that? It seems to suggest that he was saying that he could not deny that the statement was true in fact, but that he was not making any official admission at this stage to that effect. It reminds one of the kind of denials we heard earlier in the session during the course of the pipe-line debate.

The minister has taunted the official opposition in this house with our concern when we have asked questions since June 7 about what was being done in relation to the pipe line. I will tell the minister our concern. The position we took during the debate has not changed, but our concern is and will continue to be to hold the government to the promises and undertakings they gave to the house and on which the majority in the house acted in the course of that debate. I give warning now to the government and the minister that we do not propose to stand by and be silent and allow any departure from those promises. This must be the concern of any opposition in a free parliament.

There are many matters on which we shall have occasion to ask questions when we reach the detailed stage of the discussion. These are the remarks I offer to the house in this introductory and general part of the debate on these items.

As I have said, we attach the highest importance to Canada's trade. We are glad that on the staff of this department there are such competent men at all levels. I have taken occasion in the past, and I do so again now, to pay tribute to the deputy minister of the department, the senior officials and the representatives abroad. This is a well manned department with some very competent men in it. When the minister speaks this morning of his purpose to recruit men of the highest calibre to serve in the trade positions abroad, I should simply like to add to what I said last year on this point, that having met in the field and at their posts a number of Canada's trade commissioners abroad, I have found them without exception to be worthy representatives of Canada of whom this house can well be proud.

Mr. Nicholson: Mr. Chairman, I should like to associate myself with the concluding remarks made by the hon. member for Eglinton. The minister is extremely fortunate in having on his staff so many competent personnel. May I express the hope that he will be able to give some consideration to revising upward his salary schedules. Recently I read that he has lost another valuable person to the private grain trade in Winnipeg. I believe that men who give up remunerative careers deserve a great deal of credit. I think it must be rather disturbing for those who stay behind when some of their colleagues step out at salaries which are probably double what more competent men are receiving at headquarters. This statement should include the people with the trade commissioner service abroad.

I should like to make special mention of Dr. Charles Wilson who was in Rome when I was there a couple of years ago; I believe he is now in Denmark. I should also like to mention Mr. Bruce MacDonald, who was in Bonn at the time. These men are performing outstanding service for Canada. Dr. Wilson took my wife, my daughter and myself out to see an Italian farm about 25 miles from Rome. We appreciated the fact that he was able to act as interpreter. He had acquired quite a good talking knowledge of the Italian language. We were extremely proud of the high regard in which a man

like Dr. Wilson and his family were held by the people of Italy. The trade commissioners in all the centres were especially courteous and most anxious to have Canadians meet some of the people who were interested in Canadian trade.

I am going to divide my remarks into three compartments. In the first place, I should like the minister to find during the next year a little bit more time in which to become familiar with the bureau of statistics, particularly with the work being done in connection with farm income and farm costs. On February 9 the minister made an extremely unfortunate comment off the cuff which I am sure has caused him some embarrassment. No doubt he told the truth when he referred to the farmer out west who was driving a deluxe car, had his granaries filled with grain, had all his debts paid and was really in a very comfortable position. I know that out of 200,000 farmers in western Canada, such a farmer could be found. However, the minister's own department presents an entirely different picture.

When the interprovincial farm union council were here a short time ago they presented a brief which indicated that in Canada as a whole, only 53·1 per cent of all the farmers had the good fortune to own a motor car in 1951. When you can obtain possession of a fairly good car for a $25 down payment, it indicates that there is something wrong when 46 per cent of the farmers in Canada are not able to own a car.

Then somebody said, "Oh, but a great many farmers have trucks". Again the bureau comes up with the information that only 31·6 per cent of them have trucks. If you assume that no farmer had both a truck and a car, you would still find that you had about 16 per cent of the farmers in the country who had neither a truck nor a car. Of course a great many farmers have both a truck and a car.

I think the minister should really take time off to have a look at the position of agriculture. I know his department has not had available the money with which to do in the field of statistics the sort of job that has been done in Washington. However, I think the minister should get an appropriation so the bureau of statistics can do a careful study in each of the ten provinces in Canada in order to establish whether or not the farmers are getting a fair share of the national income. In the United States, where they have the facilities available, they come up with the information that the per capita farm income is $866 per year, and that the off-farm return is $1,922. In other words, those who are on the farm are getting less than half as much as those who have left the farm.

If a similar study were done in Canada I am sure we would have an even more disturbing picture. But of course when the census is taken each year, those who go out to get information from farmers are not permitted to ask too many questions about the financial position of their neighbours. However, I am sure the farmers in all parts of Canada would now be willing to co-operate with the bureau of statistics and give complete information with regard to their debts, their assets, their off-farm earnings and the general position of agriculture. I therefore hope that before another year passes the minister will issue instructions to the bureau that they proceed immediately to make a careful study of the farm income in all parts of the country.

In the second place, I want to make some reference to wheat. I realize that we have had a fair amount of time this year in which to discuss wheat.

Mr. Philpott: You said it.

Mr. Nicholson: But we still have not solved the problem, and every time an opportunity is presented members who come from wheat-producing areas will be obliged to have something to say. In the first place, I want to emphasize again that we want the minister to continue the operations of the Canadian wheat board. In spite of the criticism we have had made from time to time with regard to what the minister has done or has not done, members of all political parties and the vast majority of the farmers in western Canada are most grateful to the minister for his efforts in maintaining the wheat board.

I think it is fairly clear that if there had not been a wheat board last year there would have been a terrific slump in wheat prices. In May a year ago the Manitoba *Co-Operator* printed an extremely interesting chart giving wheat prices over a period extending back to 1905. I am going to select just a few of the years in between in order to bring to the attention of the house the problems which the farmers were up against year after year. In 1908-09, for example, the low price was 96 cents and the high price was $1.35. I am leaving off the fractions. Then in 1913-14 the low was 78 cents and the high was $1.16. In 1914-15 when we were at war and the farmers were going all out for production, there was a spread between 94 cents and $1.64, the next year between 88 cents and $1.61 and the next year between $1.54 and $3.00.

You do not require much of an imagination to realize how difficult it is for people who

are working long hours on the farm to know whether they should sell today, tomorrow, next month or in two months' time. Then when the wheat price got away up to the $3 mark and it appeared as though it might go up to $5 or $10, the government stepped in and put on a ceiling. The farmers were not permitted to take advantage of the boom which other sectors of the economy enjoyed.

Then after the war, when my neighbour the hon. member for Acadia had finished the job of making the world safe for democracy and came back to make his living at farming, he bought his machinery at high prices; and in 1920-21 there was a range in the price of wheat from $1.57 to $2.85. You could not avoid selling at low prices. When you threshed you were obliged to deliver some of your grain in order to pay your bills, as you were not in a position to wait until later on. Next year the spread was from 91 cents to $1.55. Then even during the depression years, when we were down to low figures in 1932-33, we find the low was 39 cents and the high was 94 cents; 1936-37 the low was 94 cents and the high was $1.55; in 1942-43, the low was 88 cents and the high was $1.12.

I think the farmers of Canada never want to go back to a situation where profiteers and speculators are in the business of buying and selling wheat and other foodstuffs and forcing prices down or up to make fortunes without making any useful contribution. I hope, therefore, the minister will not yield to the requests that are coming from very limited quarters, from selfish quarters, to do away with the wheat board and get back to the open market again.

I think the minister will also have to give a new look at a problem which was discussed at some considerable length earlier this session, namely the bank loans provided last year. They are not going to fill the bill. I am not going to embark on a discussion of that matter, but I think the minister will have to accept the fact that having a supply of wheat in Canada is a national asset. We cannot expect a handful of people to carry that asset year after year and be prepared to hold it until some future time. A step has been taken this year toward having the taxpayers as a whole carry part of the costs in connection with carrying grain.

There are immediate expenses that every farmer must meet. He must pay his taxes, his fuel bill and his implement repairs. There is a big crop that is going to be harvested in the next few weeks, and I think the government of Canada must take steps to see that those who have seeded their crop this year in good faith will be able to get enough cash advanced on grain properly stored on their farms to enable them to meet their current obligations. I think the minister must not lose sight of the fact that nearly every country in the world is doing something to help her farmers. About 96 per cent of the world's wheat is handled by organizations such as the Canadian wheat board. The Canadian wheat board is handling the farmers' product and, as I have indicated before, the farmers are anxious that the wheat board should continue to handle it. I think the wheat board cannot be expected to meet the competition which is being provided in some countries.

In the *Economic Annalist* for June there is an interesting section on what is being done in some of the other countries. I am not going to deal at any great length with it, but it is written by G. J. Dobson. The section on France points out again that France is subsidizing grain production by about $130 million. The total allocation for agriculture in France is $214 million. Then there are figures for Italy. I feel that the figures for Great Britain should be examined very carefully, because while our exports to Great Britain are continuing at a very high level, the farmers of Canada cannot be expected to meet the sort of competition that is provided.

I find that the British subsidies in terms of dollars for this last year were $1·1 million for cattle; $14·3 million for sheep; $133 million for pigs; $52 million for eggs; $102 million for cereals; $103 million for milk. Then we have additional subsidies for such things as fertilizers, $40 million; lime subsidy, $28 million; plowing grants, $14 million; drainage and water supply, $7·6 million; improvement of livestock rearing land, $3·9 million, marginal production assistance, $4·8 million; T.B. attested herds scheme, $29·7 million; livestock breeding grants, $300,000; calf subsidy, $22·4 million; hill sheep and hill cattle, $10·9 million. There are still further subsidies for bread of $113·4 million; milk in schools, $2·8 million; national milk scheme, $87·1 million. It is not going to be possible for the Canadian farmer to meet this sort of competition when everything they buy is manufactured in a highly protected market, and when they are expected to sell in competition with these subsidies. I hope the minister will have a look at the problems with which the wheat growers are confronted at the moment, where the grain that is going to be harvested in the next few weeks is not going to be sold for a long time and expenses must be met.

My last section is on the trade situation. The hon. member for Eglinton has put on

the record quite a number of figures which I was going to use, so I shall not repeat them. But I should like to draw to the minister's attention one of the articles by James S. Duncan, which appeared in the *Gazette* of May 7, regarding the British-Canadian trade situation. Mr. Duncan reports that the conference he attended reached a unanimous conclusion on two points; first, that a substantial expansion of Canadian imports from Britain is absolutely essential in the interests of both countries; and second, that there are practical possibilities of bringing about this expansion if vigorous measures are taken in both countries. In other words, if there is a real attempt in both countries something can be done. I do not think we can continue selling to our best customer if we are going to buy one dollar's worth for every two dollar's worth we sell to that customer. I do not think we can increase our purchases from the United States and decrease our sales there, and at the same time cut down our purchases from Britain and increase our sales there.

Before I conclude I want to say a last word about new fields of trade. I am thinking of Russia, the iron curtain countries and China. I am very glad the minister has yielded to our demands and has started trading with Russia and the iron curtain countries. Had it not been for our wheat sales to Russia and to the iron curtain countries the minister would be in a great deal more hot water this year than he is. As a result of those large exports the year-end picture is a good deal brighter than many of us expected earlier. But the minister must now give consideration to trading with China. I am sorry that the resolution appearing on the order paper in the name of the hon. member for Vancouver South was not reached earlier in the year. It reads:

> That in the opinion of this house, the government should consider the advisability of recognizing the present government of China, and taking all other steps to promote trade between Canada and Asia.

We must not lose sight of the fact that there are people in those countries who are potential customers of Canada. There really are no limits to the trade which could be developed, and I think it is disturbing to find that although we have substantial trade figures with so many countries of the world, China does not appear in this list. I find here, for example, that our sales to the U.S.S.R. for the last five months ending with May were over $9 million, but we have only bought about $400,000 worth; our sales to Poland run over $13 million, and we have bought from Poland about $500,000 worth during this period. I think the minister must establish trade commissioner service in this vast area of the world, where there are six hundred million people.

The hon. member for Vancouver South, in an article which appeared in the Vancouver *Sun* sometime ago, pointed out the fact that it is plain hypocrisy to pretend that Chiang Kai-shek's little group of refugees hiding behind the United States fleet on the island of Formosa is China; and because the recognition of China is bound up with the larger question of war and peace in all Asia we should be exploring the possibilities—

Mr. Patterson: You are on external affairs now.

Mr. Nicholson: I am going to refer to the resolution which the hon. member for Vancouver South had on the order paper.

Mr. Philpott: You are doing fine, but don't take too long.

Mr. Nicholson: The hon. member for Vancouver South was denied the privilege of bringing a very important subject before parliament. I have recently seen an article which appeared in the *Colonist* regarding the activities of Mr. W. A. Scott of Victoria, who spent some 21 years in the Chinese maritime customs service. He has been active in creating an interest in the unlimited possibilities which exist in that country.

An hon. Member: Carried.

Mr. Nicholson: I am nearly through. I think the minister must face up to the fact that we cannot continue to sell the large surpluses of Canadian goods which are available in the markets we previously had, because they are diminishing; but there are unlimited markets available in this new area.

Mr. Quelch: Mr. Chairman, first of all I want to say a few words regarding the general economy, and then I shall confine my remarks mainly to the question of the marketing of farm products.

An hon. Member: Make it brief.

Mr. Quelch: Someone says, "Make it brief". I have been very brief in the last few weeks.

Mr. Blackmore: Open up and give them the whole story.

Mr. Quelch: A number of members of the government have stressed the high level of production, employment and income in this country and the fact that there has been a steady expansion of trade. I do not intend to question that for one moment, but I do point out that there are a number of very undesirable features behind that situation.

Internally we have a high level of production, employment and income which is being

bolstered by a very large volume of consumer credit. Charge accounts, instalment buying and personal loans amount to over $2·2 billion, and there is an additional half a billion dollars for consumer housing. That figure is approaching $3 billion, which is of course a danger signal in times of prosperity.

We have the Bank of Canada attempting to do something about it by restricting credit. If the Bank of Canada does succeed all it will mean is that there will be a slight recession, a recession which in the graph of debt will merely be a dip because as soon as the first sign of recession appears they will have to let loose again and consumer credit will continue to climb. Whatever action they follow it will only be a small dip in the graph of rising debt.

I suppose the situation could go on for a long time. I do not know when you finally have to call a halt to an expansion of debt, but the time does come; and when it arrives I should imagine the Liberal party will consider it time for them to slip out of office and let the Conservatives perhaps take the rap as was done in the thirties.

We find an interesting situation regarding agriculture now. I was speaking to the general sales manager of one of the largest implement companies and he told me there had been quite an improvement in agriculture this year. He said, "Our sales are going up once more" but he indicated that "We are now financing our own sales, and we are doing it on an 8 per cent note." Until now the farmers, chiefly through the farm improvement loans plan, have been able to finance their purchases; but apparently they have used it to capacity and are now having to buy farm machinery on time from machine companies at 8 per cent. I do not criticize the companies for charging 8 per cent, because most people who have to use credit facilities are paying very much more than 8 per cent. We find that many people in order to buy the goods they desire have to pay anywhere up to 26 per cent, and then when they cannot pay back their loans on the instalment plan they become involved in even worse transactions. In the banking and commerce committee we heard of some cases where people are being charged as much as 75 per cent a year. When we find people involved in situations like that I say it is time to call a halt on transactions of that nature.

In the external field the situation is not altogether desirable. Last year we had an adverse balance of trade with the United States of around $1 billion; an adverse balance of trade of $661 million and $369 million on invisibles. This was made up by using our surpluses with other countries amounting to $365 million and foreign investment in this country, mainly from the United States.

In other words we were meeting the deficit on current account out of capital. I remember that when I was a boy I was always warned that it is a very bad practice to live off capital. I was advised that one should live on current income. Today we are living to a very large extent on capital in so far as our foreign transactions are concerned, and we are living on borrowed money in so far as our internal transactions are concerned. When a high level of productivity is bolstered by actions of that kind I say it is not a very desirable situation, and there are danger signals that will have to be recognized.

It may be met in part by reducing imports from the United States and expanding our exports; that would be the logical way to meet the situation. Of course, however, it takes two parties to make that possible. It could also be met by a reduction in the expenditures made by Canadians when they travel abroad and an increase in the expenditures of people from the United States when they come to this country; but you cannot blame the Americans for not spending more in Canada when they find that the price level of the things they want to buy is considerably higher than it is in their own country.

One way to surmount that difficulty would be for the government to eliminate the sales tax and bring our prices down to a point where they might be more competitive with the prices in other countries. I recall that in the banking and commerce committee the governor of the Bank of Canada said it might be a good idea to eliminate the sales tax so far as exports are concerned in order to make our prices more competitive.

I want to return to the question of farm products. I agree wholeheartedly with the hon. member for Mackenzie that in spite of the difficulties the farmers have experienced in the past year a vast majority of them are still solidly behind the wheat board as a marketing agency for wheat, and they do give credit to the minister for having maintained that organization in spite of a great deal of criticism that has been made of it by various organizations from time to time. I would say that rather than criticizing the wheat board, the farmers criticize the government for a failure to expand markets, storage facilities and credit facilities in order to take care of a succession of large crops.

The minister has said the situation is due largely to the fact that we have had a number of large crops in the country. No one would

dispute that, but the point is this. In view of the fact that we are having these large crops surely it is necessary to extend our facilities for handling them both in the form of expanded sales, expanded storage facilities and expanded credit facilities. I agree with the hon. member for Mackenzie that the present system of making loans is not satisfactory. I think if we are going to continue to have large crops and if we are going to continue to have to store quite a bit of grain on the farms, there will have to be a system of advances on grain in storage on the farm, but that is not the point I want to stress at this time.

When I was out west a few days ago I found there was a considerable improvement in the situation. A very large volume of wheat has moved off the farms. Many of the farmers have their granaries pretty well down so they are able to handle the new crop when it comes in. The point is, however, that another large crop is in sight. Every indication is given that there will be another heavy crop this year; and although we have been able to move quite a bit of wheat off the farms the elevators at country points are congested. This year we are going to have just as much congestion as we had last year. Officials of the wheat board suggested it might be even greater. In view of this situation what is the government going to do about it?

When the Canadian Pacific railway was before the committee it suggested that there should be additional terminal storage. If the grain companies are not going to build it, if the government is not going to build it, then how does the government expect the farmer to get his wheat into a position where he can get payment on it? He cannot get any payment on it on the farm; the only way he can get payment is to deliver it. If we are not going to increase our terminal storage facilities it will not be possible to move a greater amount of wheat from country points to terminals. Therefore I suggest to the miinster that he do everything in his power at this time to encourage the farmer to look after the situation himself.

Unfortunately he has done just the opposite. Last year the farmers at country points, realizing the difficult situation, took action to help clear away the congestion. They built off-site storage. That was done right across western Canada. I know of a large number of communities where the farmers realizing the elevators were going to be full and they would not be able to get their wheat to town, decided to build large buildings such as curling or skating rinks. Those were built in the villages and licensed and rented to the grain companies. Now what do we find? We find that the board of grain commissioners are going to refuse to license any off-site storage.

I take it that the real power behind that decision is the government. So far the excuses given for refusing to license off-site storage have been very poor indeed, not even excuses. What were the reasons given? They say the grain has to be accessible. What was the situation in many country points? There are many elevators with annexes that have no augers, and the grain must be moved by truck. If it is easy to move grain from an elevator annex by truck, it would be just as easy to move grain from another building a few yards away, because in most places these buildings for off-site storage were in close proximity to the elevators.

The second point raised was the danger of spoilage. Why should the wheat board or the government be concerned about spoilage? If there is spoilage the government does not lose, the wheat board does not lose; it is the grain company that would lose, because once having taken delivery of the grain they must deliver grain of that quality to the wheat board. If the grain companies are prepared to take the risk apparently they do so because they do not consider there is much danger of spoilage. Why does the government refuse to license this off-site storage?

I think the reason is quite plain. This year we passed legislation under which the government will pay the storage charges on a carryover of wheat in excess of 178 million bushels at the end of the crop year. They apparently do not want to incur storage charges on any more than they can help. That is the only conclusion one can come to. The minister shakes his head, but if that is not the reason then I suggest that the minister change his attitude on this question of off-site storage and recognize that the farmers by providing off-site storage are trying to help themselves. It ill behooves the government to put obstacles in the way of the farmers handling their own affairs.

There is another point which the farm organizations have stressed, and I refer to the brief of the interprovincial farm union. They have presented two excellent briefs to the government this year. At the bottom of page 13 we find this statement:

> A much more aggressive sales policy by the government and the Canadian wheat board, by substantially increasing sales staff, by acceptance of currencies of other countries which in turn can be used to pay for imports from those countries, by barter deals wherever possible, and by credit transactions wherever these are necessary.

I know that on a number of occasions the minister has opposed the acceptance of foreign

currency. Both he and the governor of the Bank of Canada have denied that United Kingdom purchases are down because of a lack of sterling. However, we have had statements by the high commissioner for the United Kingdom and by the Prime Minister of Great Britain to the effect that a lack of dollars has made it impossible to buy more from Canada. The governor of the Bank of Canada rather shrugged off that statement by saying they had reasons for making statements of that kind.

Perhaps the Minister of Trade and Commerce feels the same way. However, I should like to call on a witness whom I am sure the Minister of Trade and Commerce will agree is a man who knows what he is talking about; I refer to James S. Duncan, chairman of the dollar-sterling council, a well-known industrialist of this country. I think the minister will agree that a man of his calibre would have a pretty good idea of what he is talking about. Let me quote a few words from what he said as reported in the *Farmer's Advocate and Canadian Countryman* of March 24, 1956. In a brief submitted to the royal commission on Canada's economic prospects Mr. Duncan is reported to have said:

> Unless Canadians awake to the necessity of preserving and strengthening their historical and traditional markets with the United Kingdom and the sterling area by increasing imports from them, the outlook for the long-term sale of some of our primary products is not at all bright.

And then again:

> Basically, the reason our exports to the United Kingdom have not grown is that Britain's ability to purchase from us has been limited by her dollar shortage. Since the end of the war, Britain has been unable to earn a sufficient amount of dollars, directly or indirectly, to pay for imports from dollar countries up to the limit of her domestic demand. Therefore she has applied various import prohibitions, quotas and other restrictions on dollar imports in order to maintain external solvency. While many of these restrictions, especially on primary products, have been removed as the sterling-dollar situation has improved, we are very far, even ten years after the war, from having free access to the British market or other sterling markets.
>
> It is important to recognize that British restrictions on imports from Canada have arisen from the limitations on Britain's dollar resources and not from any desire to discriminate against Canadian goods.

Then he goes on to point that there is a large volume of British goods that we would be glad to have in this country. So there would be no difficulty in buying British goods for the purpose of balancing our trade.

I know that on former occasions the minister has tried to make us believe that if we did take sterling from Britain we would not be able to spend it or buy goods for export, but I have given a number of examples to show the fallacy of that argument. I have had my personal experience and the experience of some of my neighbours who had sterling balances and who used them for the purpose of exporting livestock to this country. Not only was the use of this sterling allowed but it was encouraged. These people get a premium for exporting their livestock to a dollar country. There is no difficulty involved at all. These people are encouraged to ship livestock to dollar countries.

However, the minister said just the other day that he did not know of any country that would buy wheat or any other farm produce with its own currency. Of course the obvious answer to that is that the United States, with other countries, has been making that possible to a very large extent. According to the *Globe and Mail* the figure stands now at around $4 billion, and apparently congress has now sanctioned another one and a half billion dollars worth of surplus goods being sold in that way.

Many people criticize the large scale of United States investment in this country. The United States has a large favourable balance of trade with Canada, and has made it possible for Canada to balance payments by investment in this country. They realize that under the form of international financing that we do at the present time, the only way we can continue to buy from the United States is by their investing in this country. Otherwise we would go steadily further and further into debt, and no doubt would have to put restrictions on our imports from the United States.

But what is the situation with regard to Canada and Britain? We also have a favourable balance of trade with Britain in the same way that the United States has a favourable balance of trade with Canada. Their investment makes it possible for Canada to go on importing from the United States, but do we make it possible for Britain to expand her purchases from us by our investment in that country? On the contrary, we have a favourable balance of trade, almost two to one, with Britain and we demand that they pay us in dollars. It is the same old story. We are sticking to a triangular pattern of trade. We want Britain to pay us in dollars so we can pay the dollars to the United States.

I do not see why it should be the responsibility of Britain to make up Canada's adverse balance of trade with the United States. Mr. Ilsley time and time again in this house said that under our present pattern of trade it is absolutely essential that we use our favourable balance of trade with Britain to balance our adverse balance of trade with the United States. What is the consequence? The consequence has been that Britain has

curtailed her imports from this country in the same way as we would have had to curtail our imports from the United States if they had not made a large investment in this country.

The minister has from time to time ridiculed the idea that you have to try to plan trade on a bilateral basis. He has said you cannot do it. Let me call a witness on that question, a man of whom I know he has a very high appreciation. Former deputy minister M. W. Mackenzie said on October 9, 1947, as quoted in *Foreign Trade:*

> Now that the multilateral system of payments has suffered a serious breakdown for the second time, or perhaps one should say for the third time in the last generation, Canada and all other countries that are engaged heavily in international trade are facing a difficult stage in their affairs. The balance of trade between pairs of countries—that is, the bilateral balance—has become a matter of first importance and will remain so until the mechanism of the multilateral system has once more been placed in good order.

One cannot say it has been placed in good order if last year we had an adverse balance of trade with the United States of about $1 billion and a favourable balance of trade of about two to one as between us and Great Britain. I feel that the best way to give Britain the assurance that it is our intention to balance trade with her would be to take sterling in payment for our surplus and use that sterling for the purpose of buying goods from Britain. Mr. Duncan says that there is a large volume of goods in Britain that Canadians would like to buy. So there is no difficulty with regard to supply.

The minister says there would be no difference between doing that and accepting dollars. That would be true provided those dollars were spent in Britain, but the big difference is that when we take dollars we do not intend to spend all those dollars in Britain; we intend to use a large percentage of them for the purpose of paying our adverse balance of trade with the United States. If we took sterling under the pledge that that sterling would be left in Britain and spent on goods, it would be giving Britain the assurance that in the future we intended to balance our trade with that country.

There are many members of this house in the Conservative and C.C.F. parties who criticize the undesirable situation in regard to trade, but what they do not appreciate is that we laid down the pattern for this very kind of trade in 1945 when we passed the Bretton Woods agreement. The Bretton Woods agreement made this system inevitable. Let me quote what I had to say when that measure was before the house, but first of all let me say this. We opposed the Bretton Woods agreement because we said it violated the fundamental principle of international trade, which is that international trade should be the exchange of goods between nations on the basis of mutual advantage.

Under the Bretton Woods agreement we give the creditor nation the right to demand payment in its own currency, without any obligation whatsoever to accept goods in payment. That in itself, I claim, is a violation of the fundamental principle. So I summed up at the end of the consideration of the Bretton Woods agreement in the banking and commerce committee as follows:

> What we want in the act mainly is a provision that a debtor nation in order to pay for its imports shall be recognized as paying for them when they establish a credit within their country in favour of a creditor nation and that that credit can be used to buy anything purchased within that country. Then if the creditor nation is not willing to accept goods from a nation with which it has a credit if it desires to trade on a multilateral basis it may trade the credit established on that basis for the credit of another country on a multilateral basis. So I say if the great industrialized nations are really sincere in this matter they should have shown it at this time and been willing to have an article to that effect put in the Bretton Woods agreement.

Then I went on to point out that as a result of the Breton Woods agreement two things were bound to happen. Either the nations, to protect their balance of payments, would have to curtail imports—and that is exactly what has happened insofar as Britain is concerned—or, on the other hand, the nations would have to borrow or have large-scale foreign investment in their country to balance their payments. In that regard I had this to say:

> The situation that will face a debtor nation will be this. They will either have to cut down their standard of living to the very minimum, cut off imports, which will be contrary to the purpose of the fund, because the purpose is supposed to be to expand trade, and if a nation as a result of this is forced to cut down imports and reduce its standard of living to the minimum it would be directly contrary to the purpose of the fund. Instead of the fund helping to bring about an expansion of trade it will be helping to develop economic nationalism, the very thing it is supposed to prevent.
>
> I do charge that under this act that is exactly what will happen. The intensification of economic nationalism once the fund has been exhausted. It has been said that there are several alternatives; the only alternative will be that the creditor nation will offer the debtor nation loans. And what happens when it makes loans? It takes securities, it takes securities on its resources, it takes securities on its capital assets; and a creditor nation instead of being willing to accept the payment in goods will demand payment in capital. By supporting this we are supporting the most vicious form of imperialism you can have; true, not imperialism by the force of arms, but imperialism by monetary penetration.

Only this session I heard a member of the Conservative party accusing the United States of monetary imperialism, the very

thing that I had prophesied was bound to happen under this agreement. On the one hand, Britain has to curtail imports to protect its balance of payments; on the other hand, Canada has to have a tremendous volume of foreign capital investment in this country in order to protect its balance of payments.

I would say this, and I am not opposing foreign investment for one minute. I think that with the element of time it is necessary to have a certain amount of foreign investment in this country, but the danger will be when, as a result of that foreign investment, we have expanded our ability to produce. Will the United States then be willing to take an expanded amount of export from us in order to make it possible for us to balance our trade with them? If that is done, then the investment in this country will be fully justified.

I wish to point out again that the United States are playing their part in making the Bretton Woods agreement work by making investment in a country with which they have a favourable balance, but Canada is not doing that. We have a large favourable balance of trade with Britain, but instead of doing the same as the United States and making investments in that country, we are insisting upon payment in dollars and thereby forcing Britain to curtail her imports from this country. It is the agriculturist of this country who suffers as a consequence.

Mr. Howe (Port Arthur): I should like to say a few words about the proposal that we should attempt to balance trade with every country. The reasons for buying a particular commodity from a particular country are not related wholly to the balance of trade. For instance, we buy great quantities of petroleum from Venezuela. We do not do that to balance trade, because the trade is greatly in favour of Venezuela; we do it because it is the cheapest market in which to buy petroleum to serve the eastern seaboard of Canada.

We could go a long way toward balancing our trade with the United Kingdom. We produce most of the world's nickel. We could sell all that nickel to the United States if we wanted to, and get dollars for it, and let England do the best she can to get nickel. We sell nickel to England because England needs nickel. It adds to the adverse balance; nevertheless it is a pattern of trade which a situation demands. The reason we have a tremendous trade with the United States is that it is an attractive market and one of the few free markets in the world. With the exception of a few South American countries, it is the only country where anyone can buy and sell freely. The United States has a pattern of production that suits our requirements as far as certain products are concerned, and we have a pattern of production that suits the United States for many of their semi-fabricated materials.

I think it is a great mistake to indicate that the balancing of trade between countries is the paramount feature of trade. There are many other factors that have to be considered. It is true that we could say to an exporter: "We know you can get a higher price in the United States but we have to balance our trade with some other country and we want you to ship your goods to that country even at a lower price". I do not think that would be too popular even with my hon. friend. Prices have a good deal to do with direction of trading.

It seems to me that the world is operating at the present time on a trade pattern that is working, and for Canada to say that we did not believe in all this nonsense and therefore we are going to balance our trade with every country in the world would, I think, put this country in the position of being the most disrupting influence in the world if we set out to follow that pattern.

I make these few remarks because I think something should be said about the theory held by my hon. friend that the great principle should be for Canada to balance its trade with every country in the world.

Mr. Nesbitt: Mr. Chairman, despite the rosy picture the minister has presented of the general level of prosperity in this country I still think, and I am sure many other members do, that there are certain storm clouds on the economic horizon. I suppose the largest one is our very large unfavourable trade balance with the United States, but the particular storm warning cloud I should like to deal with for a few moments has to do with a question raised in the house on Thursday, July 12 last. On that occasion the hon. member for Ontario put the following question to the Minister of Trade and Commerce, as found at page 5887 of *Hansard*:

> Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has the minister received communications from the united automobile workers' union contending that the increasing number of United States-made motor vehicles and parts being imported into Canada is becoming a threat to the livelihood of workers in Canada's automotive and parts industries? If so, what action does the government intend to take to meet the situation?

To which question the minister made the following reply:

> Mr. Speaker, . . . I have received a number of postcards from individual members of the united automobile workers' union in connection with the importation into Canada of motor vehicles and parts from the United States. The matter is being looked into.

I was very pleased to hear the minister say on that occasion that he was considering the question, because it is a matter not only of great importance to the hon. member for Ontario but to a great many other hon. members, including myself. As hon. members know, the automobile industry is not located in one place such as Oakville, Oshawa or Windsor, the big centres of the industry. Many hon. members may be inclined to think that is so, but many of the smaller industrial cities throughout Ontario, Quebec and elsewhere have plants which supply the gigantic automobile industry with parts.

During the last month or so I have received a large number of representations on cards which have been sent to me by individual members of the united automobile workers' union, and I am sure the minister has probably received a number himself. They set out their case very well on these cards and I should like to read one of them into the record. I shall pick one at random. It reads as follows:

> The increasing number of U.S.-made motor vehicles and parts imported into Canada is becoming a threat to the livelihood of workers in Canada's automotive and parts industries. Not so many years ago, because of British commonwealth trade preferences, Canada exported a substantial part of its auto production. Today the trend is the opposite. Last year 27,392 passenger cars valued at $58,886,000 were imported from the United States compared to 3,154 imported cars in 1950. A great many of these cars were formerly made by Canadian workers from Canadian parts.

At the same time, Mr. Chairman, I also received a great number of cards from members of the same union, I believe, who are employed by the Massey-Harris-Ferguson Company. I am not going to read the whole card but the cogent part reads as follows:

> Thousands of farm implement workers have been laid off since the beginning of the year and it is anticipated that by the middle of summer the farm implement industry will be almost shut down for an indefinite period. In a world crying for food and implements, this condition is outrageous. I urge you to immediately place this problem before the federal government and parliament with a view to alleviating the economic condition of the industry, providing jobs for laid-off farm implement workers—

Here is the part that is cogent to this discussion.

> —and seeking the necessary revisions in our trade policy to allow Canada to manufacture and export implements to all nations requiring them.

In this regard, Mr. Chairman, I have heard certain other comments. I see it is almost one o'clock. I can conclude my remarks in about three minutes if I may carry on.

The Deputy Chairman: Is that agreed?

Some hon. Members: Agreed.

[Mr. Nesbitt.]

Mr. Nesbitt: I have heard comments particularly with regard to the automobile industry. They may be rumours and they may not, but I certainly think if the minister has not heard them they should be brought to his attention. One report or story brought to my attention is that the General Motors Corporation apparently is building a huge plant in the United States which will employ the principles of automation. The story has been told me by a number of people employed in the automobile parts industry, and it is said that when the plant is completed General Motors Corporation of Canada may discontinue the manufacture of Buicks, Oldsmobiles and I believe even the larger Pontiacs in Canada.

I hope this is not the case, but if it is it will cause a most serious dislocation not only of the automobile industry and the people directly employed in it but also of the parts industry. It will affect all sorts of large towns and small cities throughout Canada that have feeder plants for the automobile industry. I certainly hope the minister will look into the situation most seriously, because if this is going to be the case, and it may arise within a year or two, a very serious dislocation of our whole industrial set-up will take place.

I should like to make one further reference to the representations of the united automobile workers which I have put on the record. The whole business of importing such a large number of cars from the United States that no doubt could be made in Canada is certainly one very serious factor in our adverse trade balance with the United States. If the minister can find some way through consultation to encourage the General Motors Corporation and the other automobile companies to manufacture in Canada a large number of the cars that are being imported from the United States it would certainly be a big improvement, because I understand that Buicks, Oldsmobiles and so on imported from the United States are widely sold in this country and no doubt make up a very large percentage of our high importation figure.

That is all I have to say on the matter. The minister, as he indicated earlier, has promised to look into the situation. I hope he does so before the warning storm clouds break into a full-blown thunderstorm on our industrial scene.

The Deputy Chairman: Shall the item carry?

Mr. Howe (Port Arthur): Perhaps I might say one word, Mr. Chairman. There is nothing in the fears of my hon. friend. General Motors are talking about expansion in Canada

rather than contracting in Canada. I had three or four days' discussion with the president of General Motors of the United States a while ago. I know he feels that in Canada there is a growing market, and that General Motors of Canada will increase in importance from year to year rather than the reverse.

The Chairman: Shall the item carry?

Some hon. Members: Carried.

An hon. Member: One o'clock.

Mr. Nesbitt: May I make just a brief comment. I am glad to hear the minister's comments. The only thing that concerns me is that possibly the minister may have slightly misunderstood what I was saying with particular reference to discontinuing the manufacture of certain lines in Canada. I referred to the fact that apparently a large plant involving the principle of automation was being put up in the United States, and that it might make it more profitable for the General Motors company to discontinue the manufacture of some of the more expensive types of their middle-priced cars in Canada and make them in the United States. Can the minister tell us anything about that particular angle?

Mr. Howe (Port Arthur): Yes. I am assured by the management that they intend to increase their production here rather than otherwise. In other words they do not propose to abandon any production line they have operating here at the present time.

Some hon. Members: Carried.

Mr. Fleming: It is not carried.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Herridge: I intend to take up very little of the time of the house, Mr. Chairman, so I shall say that I express support for the general remarks made by the hon. member for Mackenzie this morning with respect to trade policies and particularly the remarks he made concerning the necessity for developing trade with China. We in this group think we are very backward in developing this market, particularly while we need markets for our primary, industrial and agricultural products. Here we have, as the hon. member mentioned, a potential market of 600 million people, a vast market which offers tremendous opportunities for development to our mutual advantage. While we hesitate to step into this field, Britain and the other countries are increasing their trade with China. Even some Canadian firms are entering through the back door. I understand that Massey-Harris-Ferguson has a manufacturing plant in Britain and in West Germany, and they are exporting machinery to China at this time.

I rise to speak very briefly on this question because it is of major concern to the people of British Columbia. We believe this offers an immense opportunity for marketing our lumber and our related lumber products; our paper; some of the cheaper grades of fish; machinery; all types of building supplies; fertilizer and some fruit. At one time we did ship a certain amount of fruit to China. This is recognized in British Columbia by people generally. Business leaders have expressed their opinion; labour has expressed its opinion and I have heard a great deal of support for developing trade with China amongst people from all groups throughout British Columbia. All these people recognize the opportunity that is provided in this market for supplying the needs of the Chinese people, and at the same time finding a very necessary market for many of our products.

In that connection I wish to read a resolution adopted by the mine and mill workers' union which is operating in the plants of the Consolidated Mining and Smelting Company. The resolution adopted by the membership reads:

> Whereas freer world trade has always been an indispensable requisite to the maintenance and stability of full employment.
>
> Whereas the new C.M. & S. Co. Ltd. fertilizer plant here in Kimberley has ceased production completely, due to lack of sales markets, after less than three years of operation.
>
> Whereas many of our members have been laid off as a result of this fertilizer plant shut-down.
>
> Therefore be it resolved that the Canadian government do everything in its power to increase trade with all countries of the world, especially China, from the viewpoint of a practically unlimited fertilizer market.

There is a splendid opportunity. China is a tremendous country with a starved soil; an immense country with a hungry people. We have the capacity to produce some of the best fertilizer in the world and, I might say for the information of hon. members, some of the cheapest fertilizer in the world produced by Consolidated Mining and Smelting Company. This offers a tremendous opportunity for the sale of this fertilizer which we have the power, the skills and the plants to produce.

Mr. Howe (Port Arthur): If my hon. friend will permit me a word, he doubtless knows that great quantities of fertilizer are being bought by China from Trail. They bought large quantities last year and again this year.

Mr. Herridge: I know that, Mr. Chairman, but there is a great opportunity for the expansion of this market which would result from broader trade relations. Therefore we in this group do think the time is ripe to recognize China and do something toward the development of this potential market. In the first instance we could send a trade delegation to find out their needs and what we could supply, and so on.

We have to face realities in the present world. While we are squabbling over markets in other parts of the world and suffering from very severe competition, we believe that here is a natural market for a tremendous amount of Canada's products, and particularly those of British Columbia. We in this group feel that if this possibility is explored we can develop an enormous market to the mutual advantage of both the Canadian and Chinese peoples.

Mr. Cardiff: I should like to bring to the attention of the minister a condition that has existed in our part of the country for quite a number of years. I refer to the feed grain that comes from the west. We are not satisfied with the grade that is coming down. There is a lot of dirt and stuff that comes with it that should never leave the head of the lakes. It is difficult to get a grade from the elevators.

The other day I heard of a case in which a chap ordered a load of No. 1 feed. The feed was delivered by a trucker, along with two tickets, a weight ticket and a grade ticket. There is no reason why that should happen; it should be all on the one ticket. In any event he asked the trucker what the grade was, but the trucker would not tell him until after the load was dumped into his granary. Then he took a look at the feed and asked what grade it was. The trucker said it was No. 2, and the chap said he had ordered No. 1 so the trucker could load it and take it away. The trucker told him to communicate with the dealer, and if the dealer gave him instructions to take it away he would come back and get it. He came back and got it the next day. There is a great deal of dissatisfaction in not being able to tell what grade you are buying, and that should not be the case.

This grain is bought by grade in the west, and the farmer only gets paid according to the grade he delivers. When we get it down here it is mixed up with a lot of trash. We are getting fed up. If we were short of grain it would be a different story, but here you have thousands of bushels of grain in the elevators and we have to put up with that sort of feed which comes down. It should never leave the head of the lakes; it should be burned. I wonder if there is not something the minister could do.

Mr. Howe (Port Arthur): The board of grain commissioners has no authority over the grain after it leaves Fort William. The grain is shipped from Fort William under a government certificate, and I have every reason to believe that at that stage the certificate is correct. What happens to it after it leaves Fort William is beyond our control and must be beyond our control until we get legislation from the Ontario government. I think that is the difficulty.

Mr. Green: There is one point on which I should like to have a comment from the minister, and that has to do with the export of iron ore from British Columbia, principally to Japan. This has been discussed on other occasions, and that trade is continuing. I have a press dispatch which appeared in the *Gazette* of Monday, August 6, 1956, pointing out that two new iron ore deposits had been located on Vancouver island by Canadian Collieries (Dunsmuir) Limited, and that the ore produced there by at least one of these new mines would be going to Japan. There have been other contracts which for our province were very large, because we have comparatively small deposits of iron ore. For example, there is a contract with Quatsino Copper-Gold Mines Limited for the sale of 1,380,000 tons to Japan.

This has been going on steadily since about 1948. One reason the people on the west coast are so concerned about it is the comparative shortage of ore in our own province, and also because we do not have a steel industry. As the province is developing very rapidly the market for steel is steadily increasing, as the minister knows, and there is real concern that this export may result in the establishment of the steel industry being long delayed or even becoming impossible.

The Vancouver *Province* has run several editorials on the subject and on July 3, 1956, under the heading "Exporting More of Our Iron Ore" it had this to say:

> The fact remains that the Japanese find it good business to buy hundreds of thousands of tons of our iron ore, ship it across the Pacific and make it into steel. We could, conceivably, buy our own iron ore back in the shape of steel and pay many times what we receive for it.
>
> The question began to loom as far back as 1948, when U.S. interests purchased 50,000 tons of B.C. iron ore. Since then, ore exports have increased steadily.
>
> If we continue to export our best iron ore (some of it grades 57·6 per cent iron) we will steadily diminish the prospects of ever establishing a real steel industry of our own.
>
> It may be, of course, that there will never be an economic base for making steel here. But when people across the Pacific ocean find it practical to

buy our iron ore, and when we are obliged to freight our steel across the continent (and go without it when there is a bad shortage) it would seem to be a good idea to find out just where we stand in this respect.

Just a few days ago the minister's own department carried an article on the subject in the publication called *Foreign Trade* of August 4, 1956. It is entitled "Canada's Steel Imports—Their Regional Significance". The article sets out:

> Canada consistently imports well over a million tons a year of steel rolling mill products, aside from such secondary products as pipe, wire and stampings.
>
> Although well over half of these imports are destined for Ontario alone, other Canadian provinces and regions are relatively more dependent upon foreign supplies than Ontario. Thus the province of British Columbia, which only accounts for about 10 per cent of total Canadian steel imports, actually receives over half of all its steel requirements from foreign sources. The maritime provinces, on the other hand, because of the large integrated steel industry in Nova Scotia, are the least dependent upon foreign sources of supply. Their recent experience is that only a little more than 15 per cent of total consumption is met by foreign suppliers.

Two tables are then set out showing the consumption of steel rolling mill products by regions and the annual averages for the 4-year period from 1951 to 1954. The two tables are as follows:

TABLE I

(in thousands of net tons)

Region	British Columbia	Prairies	Ontario	Quebec	Atlantic	Total
Apparent consumption of mill products....	199	229	2,210	983	177	3,798
Imports of mill products.....	107	58	616	301	28	1,110
Per cent, imports of consumption.....	54	25	28	31	16	29

TABLE II

(market figures in thousands of net tons)

Type—Region	British Columbia	Prairies	Ontario	Quebec	Atlantic	Total
Structurals—						
Total consumption.....	46·5	36·1	247·9	218·8	33·8	583·1
Per cent foreign.....	91·8	70·1	57·7	54·7	39·6	59·0
Plate and skelp—						
Total consumption.....	26·7	21·5	305·3	117·5	21·3	492·3
Per cent foreign.....	74·4	54·7	37·2	54·9	17·0	43·4
Rail and track material—						
Total consumption.....	8·8	60·9	191·0	71·1	37·0	368·8
Per cent foreign.....	93·3	1·1	2·7	1·8	7·3	4·9
Bars and rods—						
Total consumption.....	53·7	63·8	621·9	325·1	33·5	1,098·0
Per cent foreign.....	20·6	3·9	12·7	9·5	5·7	11·4
Hot rolled sheets—						
Total consumption.....	22·5	23·6	299·9	84·9	6·1	437·0
Per cent foreign.....	84·0	61·4	57·6	75·8	71·3	62·9
Cold rolled sheets—						
Total consumption.....	3·3	5·1	238·3	60·9	3·0	310·6
Per cent foreign.....	16·9	17·1	27·0	23·0	21·5	25·9
Other sheet—						
Total consumption.....	37·4	17·5	218·8	87·6	6·3	376·6
Per cent foreign.....	14·0	15·1	5·4	7·2	21·7	7·4

This shows very clearly the position with regard to the places from which steel comes to British Columbia. I have also stressed the need for local manufacture if that can be arranged by any means whatever.

The provincial premier last month, I believe, asked the federal government to impose some sort of restriction on the export of iron ore from British Columbia. He is in the position that where an iron mine, a mineral claim, is crown-granted, the province can do nothing about the export from that particular property. I believe the province has placed a reserve on iron ore property which is not crown-granted. These mines which are exporting the raw iron ore all have crown-granted claims.

I suggest that the minister has the power to deal with this situation under an act known as the Export and Import Permits Act which was assented to on March 3, 1954. The minister and I had a little quarrel about this in the course of a debate about a month ago. I said he could use the act and he said he could not.

Mr. Howe (Port Arthur): What clause would you suggest I use?

Mr. Green: I am referring to section 3, which reads as follows:

> The governor in council may establish a list of goods, to be called an export control list, including therein any article the export of which he deems it necessary to control for any of the following purposes—

Then it lists three purposes. I believe the powers the minister would require are contained in clause (c), which reads as follows:

> (c) to ensure that there is an adequate supply and distribution of such article in Canada for defence or other needs.

I submit that the words "or other needs" would cover this situation, and that certainly it is very doubtful whether there will be an adequate supply of iron ore in British Columbia if this export is to continue indefinitely.

The minister has exercised powers under that act on different occasions. For example, there was an amended export control list issued on June 28, 1956. It made an amendment to the nickel group, providing power to require permits for the export of nickel. Under this amendment the new item is described as follows:

> Nickel, as follows:
> (a) ores, concentrates, (including primary residues) and matter . . .

Then there are further details added. This can be found in the *Canada Gazette* of July 11, 1956. The following note appears at the foot of this particular item:

> (Export permit is required to all destinations, including the United States.)

[Mr. Green.]

To come back to the original export control list, I find that it was set up in 1954 after the passing of the act from which I have just read. Under group 6 entitled "Ferrous and non-ferrous metals, non-metallic minerals and other products" are listed cobalt ores, columbium ores, copper and copper base alloys as ores, molybdenum ores, nickel as ores and tantalum ores. It seems to me that with these different ores being listed in the export control list something could be done about the export of iron ore from British Columbia. It is a very worrisome situation. If we could be sure that the export would not prejudice the establishment of a steel industry there, there would be far less worry; but as it is, one can only feel that with this continuous drain on our iron ore resources it will make it just that much more difficult to establish a steel industry on the west coast.

Mr. Howe (Port Arthur): We have examined the powers under the act and have had legal opinion to the effect that, except for strategic reasons, which do not apply in the case of iron ore, or to ensure that there is adequate supply and distribution of such articles in Canada for defence or other needs, it is doubtful that we could forbid the export on the grounds of needing iron ore years hence. It is not needed for any local need at the moment, because it is not being used. Our legal opinion is that the clause cannot be applied in the case of British Columbia, much as we would like to. We endeavour to work with the provinces, as in general anything that is good for a province is good for Canada as a whole and we try to meet the wishes of the provinces in all these matters as far as we can. Nevertheless there would be difficulty about applying a restriction such as this to one section of Canada. As my hon. friend knows, we have become important exporters of iron ore within the last two years, and even if we had the power to refuse to allow export from one coast and encourage it from another coast, it would be difficult. The point is that we have been advised that parliament has not given me the authority to apply this act to stop the export of iron ore.

Mr. Green: Is the minister of the opinion that such power should be asked for or that there is need for some power of that kind? I am afraid that the province is faced with an impossible position when it tries to do anything about this export at the provincial level. Evidently the restriction or control could come only under the dominion because of the powers of the dominion in respect to trade. It looks as though we have reached an impasse as far as actually dealing with the situation is concerned.

Would the minister consider that there is need for an amendment to the act if he does not feel that he has the power to do this under the act as it is at the present time? I would think that the wording of the present act is wide enough to meet the situation, but would the minister be in favour of having an amendment to make it clear that he could do something about this situation?

Mr. Howe (Port Arthur): My hon. friend is not suggesting that the province could not stop the export if it saw fit to do so?

Mr. Green: I said it cannot stop the export when it comes from crown-granted mineral claims.

Mr. Howe (Port Arthur): I suggest that if they put a high enough tax on the iron ore extracted from the soil of the province they could stop export very quickly.

Mr. Green: That really does not answer my question. I asked whether the minister considered it would be wise to have a provision in the dominion law which would give the dominion power to deal with the situation.

Mr. Howe (Port Arthur): No, I think it would be dangerous for the federal government to make a restriction applying to one section of the country and not to other sections. I think the federal government could hardly pass an act of general application, which all our acts must be, and restrict its application to one province. I think the provinces would feel rather seriously about it. If the province feels so strongly about this, as we are led to believe they do, they could put on a tax or adopt any other means open to the province and stop this export much more effectively than it could be done here.

Mr. Barnett: Do I understand from the statement the minister has just made that the government of British Columbia has made an official request to the federal government for an export ban on iron ore from British Columbia?

Mr. Howe (Port Arthur): The minister of lands and forests wrote me about a month or so ago and asked that this government take steps to stop the export of iron ore from British Columbia.

Mr. Barnett: Perhaps I might comment that that is a different attitude from the attitude of the government of British Columbia toward the export of water. However, that is by the way. In making that statement did the government of British Columbia furnish any information in regard to the proportion of the known iron ore resources of British Columbia within the crown-granted mineral claims to which the hon. member for Vancouver-Quadra has referred?

Perhaps I might just explain to the minister that I have some interest in this matter because the exporting mines are in my constituency, and some of my constituents are dependent upon their operation for a livelihood. While I might be agreeable in the over-all interests of the defence of Canada to a restriction, nevertheless I think we would want to feel satisfied that these operations were making serious inroads into the iron ore producing potential of British Columbia. I was wondering whether in making this request the government of British Columbia had given some indication as to the seriousness or otherwise of the present or projected mining activities in respect to the iron ore reserves on Vancouver island.

Mr. Howe (Port Arthur): The letter to which I referred contained no reference to the size of the reserves. My experience indicates to me that if the reserves are being depleted by the present mining operations it is most unlikely that anyone would build a steel plant based on those reserves. A steel plant would need to have 50 or 75 years' supply of iron ore assured before it could start.

However, this is a matter for the province of British Columbia. Japan is a large customer of Canada, chiefly for wheat, barley and dissolving pulp, and they are concerned about being cut off from this source of iron ore in British Columbia. As a federal government we think it would be unwise indeed for this government to take a step which would bring that about. If the province feels it is necessary, that can be done by the province. The suggestion that it is impossible to stop the export of iron ore from British Columbia just has no basis in fact. It can be done. It cannot be done by just passing a law that there is to be no export, but they can put a tax on the mining of iron ore sufficient to discourage any export from any source.

Mr. Barnett: I should like to ask the minister his opinion of the relative importance in our over-all trading picture with Japan of iron ore exports. Earlier he referred to the fact that we made a trading agreement with Japan, and I was wondering what the relative position of the iron ore exports is in the trading picture with Japan at the present time.

Mr. Howe (Port Arthur): If Canada were to put on a discriminatory provision against Japan and not against every country it would,

of course, be a violation of the agreement. It would be very dangerous indeed for the federal government to do so, since it would be directed against one country and not against other countries.

Mr. Cameron (Nanaimo): I do not want to hold up the committee too long, but I should like to spend a few minutes reinforcing the plea that I believe was made here earlier with regard to trade with China. I think this is a very important question that Canada should be considering at the present time, particularly in view of the fact that there are fairly reliable reports that there are Canadian corporations which are now trading with communist China but, because of our official position with regard to trade into that area, are doing so through subsidiaries in other parts of the world, where the trading relationships with China are more lenient than they are here.

I think it is fairly well known, too, that there is a more or less shall I say semi-clandestine trade going on with communist China through Hong Kong. I would suggest that, since that is the case, it would be well that our trading relations with China were put on a realistic and rational basis. We should remember that it is, after all, an area containing nearly one-third of the population of the globe and that its importance commercially and industrially is bound to increase very rapidly in the near future.

Perhaps we should have learned our lesson with regard to what can be done by people who by rather savage totalitarian methods begin to pull themselves up by their bootstraps. The illusion that was widespread for many years that the Soviet union was a backward country which was not making an economic success of its experiment should, I think, have exploded any idea that the Chinese will not be able to follow in the same course. It seems to me that now is the time we should be starting to build our trade relationships with that extremely important sector of the human race.

I understand, of course, the difficulties that lie in the way of any formal advances to the communist government of China, since Canada has not recognized that government. I might say that I think the necessity of seeking and developing trade relationships with the existing government of China reinforces the plea that has been made many times in this house for a speedy acceptance of reality and fact by recognition of that government. So I would ask the minister if he would perhaps be able to investigate the possibilities of trade with that area, if he and his staff have not at the present time the relevant data, and estimate in that way the possible value to Canada of trading across the Pacific ocean.

We who live on the Pacific coast are very conscious of the fact that we are a Pacific nation as well as an Atlantic nation, a fact that sometimes escapes the attention of people living in other parts of Canada. The Pacific coast of Canada has traditionally had connections with the Orient, and we seek to have them reopened again as they were in the past with this new rising regime in China which, however unpalatable it may be to us, nevertheless bids fair to do again in China among an even larger population what the Russian revolution did among the Russian people. I should like the minister to turn some of his staff on to a study of this question with regard to trade possibilities.

Mr. Howe (Wellington-Huron): I should like to ask the minister a question with regard to the feed grain situation in southern Ontario.

Mr. Howe (Port Arthur): I would suggest to my hon. friend that he defer this question until we get to the item in the estimates dealing with the board of grain commissioners.

Mr. Hamilton (York West): It is quite apparent from the introductory statement by the minister that he has no intention of flogging his own estimates as was done last night. I almost wonder whether he went home and cut his speech in half, because he certainly shortened it up to a great extent.

An hon. Member: I hope you follow his example.

Mr. Hamilton (York West): At the same time I think we all wish to get through this item as quickly as we can.

Some hon. Members: Hear, hear.

Mr. Hamilton (York West): That is one way we can get applause from the other side, anyway. My remarks will be just as brief as possible. It seems to me that this is a very important department, dealing with a subject that is causing great concern. There is one aspect of it that should be dealt with and one that is especially important in a constituency such as mine; that is, the changing complexion of the Canadian scene and the fact that we are becoming from coast to coast—certainly concentrating on becoming—an industrial nation. So I have very few apologies to make for taking ten minutes here this afternoon, when I remember that we probably spent about two months discussing agriculture, wheat and box cars.

Indications of the situation dealing with the over-all picture were reflected very well in a page of the *Financial Times* last year giving the major business indicators. That showed that from 1952 onward we seemed to be on a downhill road, in so far as the possibility of balancing our exports and imports was concerned. What impressed me most was the fact that in the items that go toward the total of exports we find a list that goes like this: wheat, wheat flour, planks and boards, woodpulp, newsprint, aluminum, and then a very small item, farm machinery.

In the imports we find manufactured cotton, primary iron and steel, non-farm machinery, automobiles and parts, electrical apparatus, and items of that kind.

So we have a situation where the flow of trade outward is concentrated very definitely in the field of non-manufactured goods, that is, natural products; and the flow inward is a fairly constant flow of manufactured products. This presents a very serious problem at this time, because the labour force of the country is becoming more and more concentrated in the industrial field. I notice that in the same publication it is stated that the total over-all number of persons employed in 1955 was 5,154,000. Of that total there were about 874,000 in agriculture. It points up the very serious problem that faces our industrial community.

This has not been overlooked by the editorial writers of our newspapers. I have before me an editorial that appeared in the *Globe and Mail* of July 1 of last year. It is a fairly lengthy editorial, but I shall only read a few words. At that time we were concerned with the question of emergency in the defence production debate, and the paper had this to say:

> Yet it seems to this newspaper that Canada's economic emergency is quite as serious as the defence emergency parliament has been talking about; indeed, more so. Regarding the one, it may be said that there is no international conflict going on anywhere in the world, and that there has been a pronounced slackening of tension between the two great opposing blocs. Regarding the other, it may be said that Canada has now slipped to fourth place as a world trader, with Western Germany taking third place . . .

Further on it has this to say:

> Let parliament deal with the defence emergency now before it. But the other emergency has a greater claim to its attention; and in the long run, is a defence emergency itself. No nation can be strong in the military sense unless it is strong in the economic one. Until Canada is populated as other nations are, industrialized as they are, fending in world markets as they are, its position is insecure. To assure its future, it must plan much more boldly, grow much more rapidly, than it is doing now—than it has ever done.

The situation in connection with industrial trade is one that leaves the layman very much up in the air. He has reference to various publications, but the list of headlines goes something like this: "GATT Canada's Best Bet Says Importers' Counsel." Then the next one is, "Attack on GATT Charges 'Sabotage' of Ontario Industry." Then the next one: "Canada Leads ICC Move to Support Freer Trade." The next one reads, "Imports Swell Cheese Surplus." The final one I have reads: "Help Japan, U. S. Asks Free World." Then there is this subheading: "But Clamps Curbs on Import of Japan Textiles."

It appears that notwithstanding these ventures into international trade diplomacy we still have a situation where other people are giving us advice and we seem to be taking but it does not appear to be doing us much good. Our most serious problem arises in respect of our trade situation with the United States. Here is a Canadian Press dispatch that appeared in the Ottawa *Journal* of August 4. It reads in part as follows:

> Imports have risen even faster, hoisting the value of incoming goods to a new record and creating a trade deficit of $537,500,000 for the six months.

Further on it says:

> The six-month trade deficit was created in dealings with the United States. The balance in favour of the United States was a record $751,600,000 compared with $420,400,000 in the first half of 1955.

If these agreements that we are entering into are supposed to be helping us, surely the situation confronting us with respect to the United States is one which we should look at very aggressively. Let us not get any idea that everybody appears to play under the same rules in connection with these trade agreements. Here is an article from the *Financial Post* of December 10, 1955, with respect to the United States situation. It reads in part as follows:

> This "how-pure-we-are" yarn about United States tariffs can only be performed by concealing a whole maze of hidden strings and off-stage performers, such as the valuation procedures of U.S. customs, the operations of the tariff commission, the peril points, the escape clauses, the GATT waivers, the agricultural quotas, and the "national security" provisions. The other part of the trick is to make the audience accept a set of completely meaningless statistics. The quickness of the figures deceives the mind. This is where the skill of the performer really counts.

Under the heading, "How to Avoid Competition" it goes on to say:

> The dominating characteristic of the United States tariff is that it does exclude most of the goods which might compete with U.S. industry. It bears relatively lightly—apart from quotas and embargoes and appeals to the U.S. tariff commission—on raw materials which the United States wants. It bears so heavily on manufactured goods that very few of them cross at all. Therefore they don't show up in the average rates of duty collected.

The dominating characteristic of the Canadian tariff, by contrast, is that it does not exclude manufactured goods which compete with Canadian industry. It charges them a certain rate of duty; but the duty is still low enough that they do come in in very large quantity.

Here is an indication that whatever the agreements are that we have entered into, we cannot hope by the present system to solve the over-all trade deficit problem. It would appear to me, sir, that when I used the expression "downhill ride" it was a very fair term. It seems to me that we are getting by and balancing our position by an inflow of capital investment for which we are duly grateful, but the day of reckoning must soon arrive and whether or not it affects us certainly at some time it is going to affect succeeding generations of Canadians.

An hon. Member: Time.

Mr. Hamilton (York West): I think my timekeeper over there has beaten me to the punch, but I shall try to sum up in two or three minutes. We have had the benefit of reading the minister's report, but to me it is a report that is drawn up in the same general manner as the communiques we now read on the results of commonwealth conferences. It really does not tell us too much. In my opinion what we are going to have to know is what methods are used by the trade department to arrive at their figures when they say to us that they have promoted $100 million of trade during the past year. I think we are entitled to know what sales steps are taken by the same people in selling their services. I know we have the picture of the trade counsellor who is in town and the businessman having the opportunity of being there and meeting him, but it seems to me what is going to be required is a most extensive and aggressive expansion of the trade facilities of the department for businessmen who are interested in getting into the United States market. I note that at page 21 of the minister's report he says:

Three senior officers of the department examined the operations of the trade commissioner service in four leading market centres in the United States. As a result of this study, recommendations have been made to strengthen the service in that vital market.

I think what we need from the minister is not a statement that a survey has been made and that steps have been taken, but we should know what steps are being taken, how soon others will be taken and how many people are involved. As a second point, and I shall only mention it in passing because I am informed that this may not be the place to deal with it, I think we would like to know what trade steps are behind the communique issued by the commonwealth conference, is there anything which indicates that some progress may be made along the lines of obtaining complete convertibility of sterling at some time in the foreseeable future.

There is also a reference to the intelligence service of the commodities section, but we would like answers to these questions. What are they doing? What information is getting to us on the question of the standard of living in various countries in advance of the time when their products are reaching our shores? I think we want to go one step further. We should be able to know what steps they are taking to ensure in advance that unfair trade practices are not being used and are not going to be used. I specifically refer to that because we had an example last year where a product had entered Canada, had been sold and the damage had been done. Then we had to turn back and see whether there was some means of cutting off the supply. At that time the product had already been sold in large quantities in the Canadian market.

Another point is this. What steps are being taken in advance to ensure that the Department of National Revenue is informed as to the countries where subsidies of one kind or another are being used so it is in a position to assess its duties and values on an up to date picture to show, shall I use the term, an unfair competitive situation which may result from conditions in that other country?

Mr. McCann: There is a complete service.

Mr. Hamilton (York West): The minister says there is a complete service and I believe him. What we should like to know is this. Instead of having this bland assertion in a report, we should like to know what is being done along that line. Are we sure we are covering that particular point?

There is a further item that I might mention, namely the use of the Canadian Standards Association. It is used, and has been used in the past, to determine what is considered to be a satisfactory standard from the point of view of safety. At the same time there have been allowed through the customs articles which do not meet the standards set by that association. It seems to me there must be a liaison job required there. I do not think it can be answered by the department simply saying, "That is a provincial responsibility and we are not going to interfere". As well, I think we should like to know how the department has assessed the efficacy of exhibitions as used by the department. We should like to know what value we are getting for our money. What actual amount of trade have their statisticians traced to these exhibitions? We should like to know that so we can see that the best use is being made of them.

Finally, I say that unless we are prepared to go along with a situation which involves a continual drain of natural resources from this country in return for highly competitive manufactured goods, we must start to bargain from strength with the United States. It seems to me that should not be too tough a job. The article in the *Financial Post* mentions that they have their set-up designed to ensure that they get the flow of natural products which they really need. If we have those things, surely we can suggest to them a system whereby our own manufacturers will be in a position to meet them on fair ground.

When I talk about the expansion of the service in the United States, I simply say this. Any one who has had any business experience and has had to go to Washington in order to ensure that goods get in there will know that help is definitely required. I must say that for my part, when I was there I received the best of help. But at the same time that help should be available in as many cities as possible in the United States.

Mr. Herridge: I shall detain the committee for just a moment. With respect to the question of the right of the province to prevent the export of iron ore, I wish to bring to the attention of the committee the fact that the government of British Columbia for many years have prevented the export of raw logs that come from crown lands in that province.

Mr. Diefenbaker: I should like to ask the minister one question, and then I intend to make a suggestion based on a request from tens of thousands of Hungarians across Canada. Would he say what trade agreements have been entered into with Hungary during the past year and whether or not there are at present any being contemplated? What was the subject matter of those agreements, if there were any?

Mr. Howe (Port Arthur): At the moment, Mr. Chairman, we have no trade agreement with Hungary, but that country has indicated that it wishes a trade agreement. An appointment is being arranged. It will be within the next two or three months, when a delegation will come from Hungary to Canada for the purpose of negotiating for a trade agreement. We have given credit to Hungary. I think we gave credit for 100,000 tons of wheat, and Hungary has drawn on that credit only to the extent of about 20,000 tons.

Mr. Diefenbaker: Mr. Chairman, I wish to thank the minister for that explanation. I now wish to bring to his attention a state of affairs which is of interest particularly to the people of Hungarian origin in Canada, and also to those of other origins who have relatives behind iron curtain countries. There are about 100,000 Hungarians in this country who are pressed very strongly by their relatives and friends behind the iron curtain for assistance by way of food parcels, clothing and the like. Food parcels can be sent to Hungary through various dealers and agencies generally operating under the aegis or protection of the Hungarian government.

There is a great difference in the handling of these parcels. If they are sent by private persons directly or through dealers who deal particularly in commodities that the peoples of the country might require, you find that the duty that has to be paid on those parcels upon arriving in Hungary is from 60 per cent to 75 per cent, thus making the parcel being sent almost useless to the receiver. With the added transportation costs it is prohibitively expensive to the sender. The obvious purpose of this policy of maintaining so high a tariff and such stringent regulations is to force Canadians to send the assistance through trustees of the Hungarian government, who enjoy a nearly monopolistic privilege in this business. Instead of sending the actual parcel to Hungary, they only ask for payment of a certain pre-fixed tariff price, for which a certain amount of food will be handed out to the receiver of the parcel in Hungary from the state-owned store. There is no duty to be paid on these sendings, but the prices of the goods are exorbitantly high.

One of these agencies operating in Canada has set forth the contents of its sample parcels. One at $12 consists of one pound of coffee, half a pound of tea, two pounds of rice, and one bottle of liquor. Another at $20 consists of two pounds of cocoa, one pound of coffee, one pound of tea, and three boxes of sardines.

Mr. Howe (Port Arthur): In order that I may have an idea of the relative prices, will the hon. member tell me the value of the liquor?

Mr. Diefenbaker: I could not hear what my hon. friend said.

Mr. Howe (Port Arthur): What I asked was this. In order that I may be able to judge the other prices, will my hon. friend tell me the value of the bottle of liquor?

Mr. Diefenbaker: I am going to come to that. That is where the joker is in this matter. I know nothing of that subject and am obliged to speak from second-hand information only. I am in the same position as the minister. As I was saying, the $20 parcel consists of two pounds of cocoa, one pound of coffee, one pound of tea and three boxes of sardines. Then there is a third one

which consists of two pounds of coffee, one pound of cocoa, and two pounds of sugar. That is $15.

What is actually happening is this. The Hungarian government has barter arrangements with certain countries and is receiving the materials which they incorporate over there into these parcels and thereby they are securing for themselves a large amount of Canadian dollars.

As I said a moment ago, there are 100,000 people of Hungarian origin in Canada, and the average amount they send under the present parcel scheme is from $500,000 to $1 million a year, thus making it possible for the Hungarian government, by operating on the emotional reactions of these people, to secure Canadian dollars. The Hungarians in Canada and their organizations have protested both privately and publicly against the discrimination and what they call ruthless extortion introduced by the Hungarian authorities in connection with the parcel traffic, but they have not been able to secure any results. The government at the time had negotiated the Canadian-Polish trade agreement, or at least had entered into trading relationship and removed many of the difficulties that Canadians of Polish origin had suffered theretofor at the hands of the Polish government. The same thing applied in Czechoslovakia.

The people of Hungarian origin ask this. When the next trading arrangements are made with Hungary, permission should be granted as part of the exchange arrangement for Canadians to send parcels containing basic food products such as flour, sugar, fats, bacon, rice, meats and fish, and in that way be of assistance to their people behind the iron curtain who are today in a condition of starvation. At the same time we could secure the consent of the Hungarian government to remove the present unjust regulations. These people in their hearts want to assist. My hon. friend asked me what was the price of the liquor in one parcel. I do not know, but it is something the people do not want—

Mr. McCann: Is it Canadian liquor?

Mr. Diefenbaker: I do not think they designated it. I am not sure of that. But the fact remains that these people who are desirous of being of assistance to their friends and relatives are being mulcted to an unfair degree, and this is at the same time, assisting the Hungarian government to secure between $500,000 and $1 million in Canadian dollars.

If when the next trade arrangements are being considered the minister would make representations on this problem in a manner similar to those that were made and which caused the removal of the injustice in Czechoslovakia and also Poland, the minister might earn the appreciation of 100,000 good Canadians of Hungarian origin, who have stood against communism and who want to stand against it. They do not want to be placed in the position of being subject to extortion by the Hungarian government.

Mr. Howe (Port Arthur): Our trade negotiators will do what they can when any new negotiations come along. The situation in negotiating present day agreements is somewhat different from the old agreements that were negotiated with Poland and Czechoslovakia, which were what we call agreements on commerce and navigation. They differ from the most favoured nation agreements which we are making today. We met the same problem in negotiating with the Russians. All we were able to get them to say was that whatever the duty was it would be non-discriminatory. In other words it would be the same against Canada as against any other country, and that is all we can really insist upon. My hon. friend would not want Canada to agree with Hungary that we would charge only a certain duty on Hungarian shipments.

Mr. Diefenbaker: It is not exactly the point, a difference or discrimination in the tariff. It is a system being used whereby extortion is being practised by the communist Hungarian government against Canadians desirous of helping their friends and relatives behind the iron curtain. All I am asking on behalf of these people is that when any negotiations to correct this situation which, on the face of it, is unfair, unjust and constitutes a method on the part of the Hungarian government of securing Canadian dollars by surreptitious means.

Mr. Howe (Port Arthur): All I can say is that we will do our best. I understand the problem, but I would not want to raise the hopes of our citizens of Hungarian origin too high. It will not be through lack of effort if we do not succeed.

Mr. Blackmore: Before this item carries I should like to ask the minister if this is the item, or is it some other item of his estimates, under which a person can ask what provision the minister is making, if any, to cushion the effect of the very serious increase in the price of steel which has been announced in the last few days. The minister knows that when the price of steel was advanced $5 per ton back in April, 1946, the impact upon the price structure of Canada made by that increase and the consequent increase in the wages of the steel workers

who asked for their share of that $5, cut the value of the Canadian dollar practically in half.

The minister is very familiar with all that. He knows that ill-advised and foolish people all over the country are calling that horrible thing inflation. It was not inflation. The rise in price was not the result of too much money in circulation in the country for the available goods; it was not the result of any shortage of goods; it was the result of definite price manipulation. If the Steel Company of Canada raised its price $5 per ton, that had nothing to do with money at all; it was a manipulation of price upward, and every commodity in Canada which was made of that steel had to increase in price because of the increased costs, regardless of a scarcity of goods or a surplus of goods. The wage increase for the steel workers resulted in wage increases all across the board in Canada, not one but two or three. The result has been that today our prices are very high compared with what they were in 1946.

If that rise of $5 per ton in the price of steel in 1946 produced this almost calamitous effect on the price structure of Canada, what is likely to be the effect of an increase in the price of steel of $6 or $7? Has the minister given any thought to this matter? Are the people of Canada and the Canadian government to be absolutely helpless in the face of a move of this kind? Would he say, if he were doing it over again, that nothing could have been done to cushion the effect of that $5 increase in the price of steel back in 1946? Could not subsidies have been paid by the government to the steel company so that people using steel would be able to get their steel at the same price they were able to get it before the increase of $5 per ton?

I just wanted to ask the minister if he had given this matter any thought. It would come under his department, certainly, and I wondered if he had any suggestions as to what we are going to do. Are we, within the next 10 years, going to have another cut in the value of the Canadian dollar by 50 per cent as a result of the present contemplated increase in the price of steel? I do not wish to go into this matter if this is not the right place, but I should like to know what the minister thinks about the matter or whether I am being alarmed unduly.

Mr. Howe (Port Arthur): We could have a little discussion about the chicken and the egg here. I always thought the wage increase came first and the price changes were consequential upon that wage adjustment. However, my hon. friend knows that this government has no legislative powers to regulate prices. In order to do that we would need to get emergency powers. Having tried to get emergency powers from this parliament once, I am not trying any more. I am afraid I cannot do anything about it.

Mr. Blackmore: The minister means, then, that the Canadian economy and the Canadian people are helpless to prevent this horrible thing which is approaching us and which anybody with any vision at all can see is approaching?

The minister spoke as though it might have been a wage increase which caused the rise in the price of steel back in 1946. I am afraid his very fine memory has failed him in that respect. He knows very well that the steel companies asked for the privilege of increasing the price of steel $5 a ton in February, 1946. The request was granted in April of 1946. Then the steel workers struck for their share of the $5 a ton increase. The minister can very well remember the long meetings we had in the industrial relations committee in which the steel workers presented their case. They continued to strike and hold parades until they finally got the increase after 82 days of idleness. Then other workers demanded comparable increases all across Canada. Thus the costs of production of every commodity ultimately forced up prices. Can the minister give us any more hope as regards the present increase of steel price or is he now advising us that we might just as well look out for economic disasters of almost any kind?

The Deputy Chairman: Shall the resolution carry?

Mr. Blackmore: Mr. Chairman, has the minister nothing further to say?

Mr. Howe (Port Arthur): I am sorry. We are well aware of the cost of steel as well as the key commodities which regulate the cost of living and the government is doing all it can chiefly through fiscal measures at the moment to hold inflation in check, but to apply price controls as a federal responsibility would mean legislation from this parliament and I doubt very much if we could get the legislation approved. I think my hon. friend would vote for it but I doubt if many other hon. members would.

Mr. Blackmore: The minister has used that word "inflation" again. He knows that within the last six weeks there has been an increase in the price of a loaf of bread, yet no one even in a nightmare could imagine that this is because there is a shortage of bread or that there is too much money for the amount of bread that is in Canada. It is absolute nonsense to call that an inflationary

rise. It is very much the same as the increase in prices which came about as a result of increased steel prices in 1946. If we are going to allow ourselves to be fooled into thinking that such rises in prices are the result of inflation and then the Bank of Canada and the Department of Finance assume it is the result of inflation and apply measures calculated to control inflation we are heading for plenty of trouble—real trouble!

Mr. Howe (Port Arthur): My hon. friend is taking a slight advantage of me. He is an economist and I am just a run-of-the-mill engineer. I do not understand these matters so I cannot contribute very much to the discussion.

Mr. Nicholson: Mr. Chairman, the hon. member for Lethbridge has raised a subject in which I am interested but I do not think it is in order at this point.

Mr. Blackmore: It is in order because we are discussing the estimates of the Department of Trade and Commerce.

Mr. Nicholson: Unless we are going to discuss the question of price controls I do not see how it can be in order under this item.

Mr. Pallett: Mr. Chairman, I was interested in reading the reports before I came down to the house concerning this department, and in listening to the speeches after I came here that are always presented by the Minister of Trade and Commerce in an optimistic tone. And I see no reason why they should not have been; after all—

Mr. Blackmore: I am sorry, I did not hear what the hon. member said.

Mr. Pallett: I said that the Minister of Trade and Commerce always gives his report in a very optimistic tone and I see no reason why he would not because after all this country is endowed with the greatest natural resources in the world. We have the native ability of the people of this country to develop those resources and therefore there is no reason why such reports should not be optimistic. In the development of a country such as ours there seems to be an acknowledgment by the minister that we occasionally need government assistance. When things are going well it is because of government assistance and when things are not going well he says it is because of the lack of effort on the part of private individuals.

There is room in the development of a country such as this for certain government participation and I think that participation and leadership in particular has been rather lacking recently despite the kudos some hon. members opposite seem to seek for themselves. I refer generally to the standard of living of the average Canadian.

Much has been said concerning this subject. And then we look at the standard of living of our neighbours to the south who have not the per capita national resources we have and we observe the great difference in our standard of living as compared with theirs and this is passed off as being the price of sovereignty. This passing off in these terms is just a little too simple. That is not the real reason for the difference at all. It is because proper encouragement has not been given in the development within this country. The reason that encouragement has not been given—

An hon. Member: Where have you been for the last 20 years—resting?

Mr. Pallett: —is because the government knows that as people attain certain living standards throughout the country it leads them to a type of thinking that is not in keeping with the thinking of hon. members who form the government. There has been a deliberate hold-up by them designed to meet their own political ends.

As one looks at the broad picture over the last few years one becomes aware that this situation has existed for many years. During the time in which this party has been in power this has been a carefully calculated plan and the responsibility, of course, is that of this government. There is no excuse whatsoever for the rapidly widening difference between the standard of living in this country, albeit it is high, and the standard which obtains in the United States. I think this is a matter with which the Minister of Trade and Commerce should concern himself.

Today, as an example, the Minister of Trade and Commerce said that the adverse balance of trade is nothing; it is just a slight thing in the consideration of foreign trade. Any two-year-old knows that you buy as cheaply as you can and sell as dearly as you can on foreign markets. That is so fundamental that it is ridiculous for the minister to mention it here. Any two-year-old child also knows that you cannot continue to have an adverse balance of trade with any country for any length of time without encountering serious consequences at home. The minister might at least respect our intelligence to the extent that he would admit this and give us some assurance that he is taking some steps to do something about it. He does not have to do this by government control. Our system of government in Canada has always provided that where leadership is given in certain directions by government,

industry is only too happy to operate without control. That leadership by government is certainly one of the things that has been lacking in this country.

A man may have a reputation but the people of this country are not interested in a reputation; they are interested in what is being done now and what is going to be done in the future. I suggest that the minister should make some effort to provide aggressive leadership in this direction.

An hon. Member: Carried.

Mr. Pallett: The only thing that will be carried in the future will be the hon. gentlemen sitting opposite, who will be carried out of this house by the votes of the people of Canada.

Mr. Dickey: Speak for yourself.

Mr. Pallett: The minister said something about the chicken and the egg in reply to a question. I suggest that our situation concerning the trade balance with the United States is somewhat like that of the farmer in relation to his neighbour.

The farmer owned a cow and was selling milk to his neighbour. One day his neighbour asked if he would sell him more milk. The farmer replied that he did not have another cow. The neighbour said he would provide him with a cow and in return would take a piece of the farmer's land. This process continued until finally the farmer had a herd of cows and his neighbour owned all the land on which the cows stood. The neighbour was soon buying all the milk so he controlled the price. That is the situation we are being led into. If you want a simple analogy, there it is.

An hon. Member: It is simple all right.

Mr. Pallett: It has to be simple for you people across the way to understand it.

Mr. Lesage: We cannot expect anything else from you.

Mr. Pallett: You know, it is remarkable that when difficulties arise with the government across the way they always bring up a bogey to get the people's minds off the government's troubles. The bogey they are bringing up now is inflation in order to get the people's minds off what is happening in the house. To do that they spread this bogey of inflation. That is the present bogey.

They pay lip service to this by starting to restrict credit. Industry cannot develop without money; Canadian industry cannot develop without money. Many Canadian industries are young and are just getting on their feet. I suggest most seriously that the Minister of Trade and Commerce as one of the senior members of the cabinet, as one of the members who formulates government policy, encourage a second look at this. I am pleased to see that the Minister of Finance is now consulting with the Minister of Trade and Commerce on this matter. I did not expect that there would be such an immediate reaction. I suggest that there be a serious second look taken at this restriction of money for Canadians generally and in particular for Canadian industry.

Canadian industry must develop if this country is to be strong industrially and it must develop with Canadian money. That cannot be done if you cut it off. You can say as much as you like that this has nothing to do with you, that the government does not dictate the money policies of this country, but there is no one who will believe you. We know and you know that with a nod from the government the banks follow suit.

An hon. Member: It is the other way around.

Mr. Pallett: I suggest that serious consideration be given to lifting the restrictions on credit which have had such a serious effect upon the development of manufacturing and other commercial enterprises in this country.

Mr. Dinsdale: Mr. Chairman, last Thursday in the city of Brandon after waiting patiently for some five years a very important project finally got under way. The same afternoon rather disconcerting news came out of the east which threatened to dampen the enthusiasm that had been created as a result of the commencement of the installation of the gas pipe lines which would be used to supply natural gas to the city of Brandon. I think there is misunderstanding as to just what is the situation in relation to the continuation of this important $2 million project in my home city and I think the Minister of Trade and Commerce is the only man who can give the final word on the matter. That is my reason for bringing it up briefly this afternoon.

The report came from the Toronto office of Trans-Canada to the effect that gas would not be available this fall and as a result Mr. Frank J. Simington, manager of the Plains-Western Gas and Electric Company Limited, which company has the franchise to supply gas to the city of Brandon, inserted a half page advertisement in the Brandon *Daily Sun* of August 3 reading as follows:

Brandon Natural Gas Delivery Delayed

Thursday, August 2nd

Trans-Canada Pipelines Ltd. today at 2.00 p.m. informed your gas company that natural gas would not be available for delivery to Brandon or points east until the summer of 1957.

Because of this disappointing news it will now be necessary to delay your applications for service

lines. Information regarding the servicing of new homes with temporary fuel until natural gas becomes available, will be announced later.

We sincerely regret having to make this announcement which is due to Trans-Canada's inability to deliver natural gas to the area this fall. The construction of the distribution system will continue uninterrupted.

This subject was raised briefly in the house last Friday morning when the Minister of Trade and Commerce replied, as reported on page 6920 of *Hansard*, as follows:

No authorized representative has made any statement to anyone that gas will not be delivered in western Canada this year.

Notwithstanding that fact the company laying the lines in the city of Brandon have taken this drastic action. Apparently there is misunderstanding somewhere. When Mr. Simington was confronted with what appeared to be a contradiction he replied as follows:

Contacted by the *Sun* early this morning after Trans-Canada officials had declined to confirm the Brandon report of six months' delay, Mr. Simington said: "If Mr. Lowe were to say that he would guarantee natural gas would be available at Brandon in 1956, I would be most happy to publicly apologize. Until he says that, I shall wait to be shown."

That is the situation as it stands. There are quite a few people affected by this, because they have been planning on putting in gas this fall. I am wondering if we cannot get some official word which would clear up this matter.

Mr. Howe (Port Arthur): I do not know anything about the Brandon situation other than what I have been told by the hon. member. He told us there was no hurry about getting the pipe line started, no hurry about building the line or any danger in their being unable to build it this year. The relations between Trans-Canada and the city of Brandon are private matters. Trans-Canada Pipe Lines is a private corporation and I assume that the company owning the distributing system in Brandon is a private corporation. I suggest that it might be very helpful to both companies if my hon. friend would just leave it alone.

Mr. Dinsdale: That is not the kind of reply I had anticipated but it is the reply I might have expected in this case. As I said in my opening remarks, we have been waiting patiently for gas for five years and have never made any attempt to delay the gas line and as far as—

Some hon. Members: Oh, oh.

Mr. Dinsdale: —building gas lines is concerned, Soviet Russia builds them too. There is a right way of doing things and a wrong way of doing things. That is the only attitude we have taken in this house. We want natural gas in the city of Brandon.

[Mr. Dinsdale.]

Mr. Fleming: Mr. Chairman, if hon. members have concluded raising the points they wish to raise there are several matters I should like to bring up on this first item in regard to our trade relations with the United States and about which I should like to have some comment by the minister. The first concerns the customs simplification bill recently passed by both houses of congress and which I believe has been signed by President Eisenhower. As I understand it, in terms of 1954 trade the legislation covers about $1·4 billion worth of imports from all countries, representing about 15 per cent of all imports into the United States in the year 1954. Of the remainder about half of all imports into the United States, enter the country duty-free; the balance is taxable at specific rates of duty, and the new formula applies only to the ad valorem rates. Would the minister clarify the situation?

I personally have not seen the text of the bill, but this is a matter of leading importance to Canadian exporters. There have been high hopes held out to them ever since this matter was first discussed at the GATT conference. We all know what a difficulty the so-called jungle of administrative red tape in the United States in relation to customs administration has presented to Canadian exporters. Would the minister make a statement on this and indicate what help now the Canadian exporters can expect to have as a result of the enactment of this measure by congress?

Mr. Howe (Port Arthur): The effect of the bill will be to eliminate the use of "foreign value" and to make "export value" the prime basis for levying ad valorem duties. In other words, duty will be levied on the price at which the goods are freely sold by foreign manufacturers for export to wholesalers in the United States. For practical purposes, this is the optimum valuation hoped for by exporters. In other words, under this arrangement the exporter in Canada fixes the value upon which duty would be based, instead of the customs valuator in the United States who used to fix an arbitrary value which we call the "foreign value".

Mr. Fleming: Is it clear that it applies only on the ad valorem rates?

Mr. Howe (Port Arthur): That is right.

Mr. Fleming: Can the minister assess the value of this measure in general? It has been a matter of discussion now for some years. The minister has had a report on the measure. How far will the measure go to satisfy the objectives of Canadian exporters and, I believe, of the Canadian government in the negotiations on this subject?

Mr. Howe (Port Arthur): The bill would have satisfied Canadian exporters—it gave them everything we have been asking for in that regard—but unfortunately a rider was applied in the Senate which takes away some of the sunshine.

The Senate version contains a clause which directs the treasury department to publish a list of imported articles, not by country, the values of which would be reduced more than 5 per cent if appraised under the new "export value" procedure. These articles will continue to be valued on the old basis of "foreign value" and will not receive the benefit of the new valuation procedure.

It is difficult to determine which of our exports would not receive the benefit of the new procedure if the Senate amendment remained in the bill. It did remain in the bill. We shall be following the matter closely. That is the situation. We do not know the effect of that Senate rider which provides that the "export value" shall be not more than five per cent less than the "foreign value". It will take time to appraise the working out of that rider in practice.

Mr. Fleming: I shall not pursue that further. It is obviously a matter for a report next year after there has been some experience of working under the new law.

The second point in relation to trade with the United States concerns oil exports to the United States. It will be recalled that in the 1955 session my leader drew attention to reports that efforts were made by the United States government to apply indirect limitations on importations into the United States of oil from Canada. By way of indicating that the matter is apparently by no means dead in the United States, I should like to read two paragraphs from a recent issue of the *Journal of Commerce*, a United States publication:

Thirty-one American senators have asked defence mobilization director Arthur S. Flemming—

No relation.

—to force oil importers to restrict their imports to the 1954 ratio of imports to domestic production. For the past year, Mr. Flemming has tried to make oil importers comply with the "1954 formula" on a voluntary basis, and Mr. Flemming has recently complained that "no evidence is available to us that oil imports have been, or are being, restricted within the limits determined to be necessary in the interest of national defence".

The importance for Canada of the letter signed by 15 republicans and 16 democrats, representing close to one-third of the membership in the Senate, is that the group also hinted that "exemption of Canadian and Venezuelan oil and all oil into the west coast was circumvention of the intent of the 1955 trade agreements act, which calls for government intervention when imports threaten national security". Pressure may be building up for the application for compulsory restrictions on oil imports into the United States which will directly affect the Canadian oil industry. This may not happen, but it is something to watch.

I wonder whether the minister would comment on this subject and on the outlook, because it is a matter obviously of very high importance to Canada in general as well as for the Canadian oil industry.

Mr. Howe (Port Arthur): Our defence is that to suggest that limitation of exports of Canadian oil into the United States would contribute to the defence of the United States is rather far-fetched. So far that has been accepted by the state department and by the government of the United States, and I believe that the fallacy of any other argument is so obvious that it will continue to be accepted. In the previous limitation, Canada and Venezuela were exempted from the provisions of the restriction. I sincerely believe that Canada will continue to be exempted.

Mr. Fleming: I am glad to hear that statement from the minister.

A third matter in relation to the United States concerns these periodical meetings of Canadian ministers with members of the cabinet in Washington. I understand that these meetings, when they were first undertaken, were to be held at fairly regular intervals but, unless there have been some held in more recent times that I am not aware of, the last one was held a very considerable time ago. Would the minister tell the committee what plans have been made for resumption of these conferences and what items are to appear on the agenda?

Mr. Howe (Port Arthur): The last meeting was held, I believe, last October. The original intention was to hold meetings every six months, but, like other meetings of this kind, it is well not to have them unless they are needed. We call them, or the United States calls them, when there are particular problems to discuss.

An outgrowth of the last meeting held with the ministers was that arrangements were made for meetings between the officials of the United States and the officials of Canada having to do with the marketing of wheat and other grains. Those meetings are held every six weeks and they are most helpful in working out solutions to common problems. I dare say we have never let as long as a year go by without having a top-level meeting, and I dare say we shall arrange one this fall, but with one thing and another we all get very busy, and it takes a good deal of time to arrange a meeting of this kind.

Mr. Fleming: Has the Canadian government been compiling its contribution to the agenda for the next meeting? If so, can the minister tell us what those items will be?

Mr. Howe (Port Arthur): There is no formal agenda prepared long in advance. We have an ad hoc agenda, but there is no great formality associated with these meetings. They usually last one evening and one day and they are carried on with considerable informality.

Mr. Fleming: My next question naturally arises out of the GATT conference and it also has some relation to a report to which I drew the attention of the house some time ago. It is a report that came out of Canberra in a Reuters dispatch last January, indicating that the new Australian minister of trade, Hon. John McEwen, had expressed some strong views on the old preferential tariff treatment within the British commonwealth in the light of the United States policy on disposal of farm surpluses. I should like to ask the minister if he would state the policy of the government in relation to the commonwealth trade preferences.

Mr. Howe (Port Arthur): I might say that Mr. McEwen will be with us here in Ottawa tomorrow and we will know more about his views at that time. I believe he has been expressing his views in London and Washington. In general we support the viewpoint of Australia, although we are not unhappy with our relations with the United Kingdom in that regard. We all agree that the surplus disposal procedures of the United States are very harmful to all of us and we each protest separately, but I rather think that Mr. McEwen's views go somewhat deeper than that. I will know more about them after we have our discussions tomorrow.

Mr. Fleming: With regard to what remains of the commonwealth trade preferences, will the minister state the position of the government? We are aware of what GATT has done in trenching upon these preferences up to a point, but what in general is the policy of the government with regard to the system as it remains?

Mr. Howe (Port Arthur): I should like to make it clear that GATT has not encroached on the empire agreements. GATT agreements contain an exception in favour of the empire agreements, but in carrying out negotiations it is often helpful to have the commonwealth agreements amended. England itself has asked us to amend items so that they could work out a trade arrangement with the United States or with some other country. There have been some amendments but I would not say that it has been a watering down. Canada is quite happy with the commonwealth agreements. We are adjusted to them. We think they are helpful towards balancing our trade and we have no desire for any alteration. Australia, on the other hand, feels that the commonwealth agreements are working very much in favour of the United Kingdom and against the interests of Australia. That is a separate argument in which Canada is not taking part.

Mr. Fleming: The next matter is one I had expected the member for Waterloo North to raise. I think it is proper at this time that the minister should be asked for and should give some statement to the house in the light of the representations that have been made to him in relation to rubber footwear. This is a subject, I am sure, that has been before the minister frequently. I do not need to remind the house of the problem involved in the decline in Canadian production of canvas footwear and waterproof footwear and the tremendous expansion in imports of these products from countries abroad where the standard of living and consequently the cost of production are very much lower than in Canada. What has the minister to say on this subject?

Mr. Howe (Port Arthur): I think it would not be helpful for me to express an opinion just now. The Minister of Finance, the Minister of Labour and I are meeting the industry in an attempt to work out something, and I think that to make an announcement of our views at the moment would harm the negotiations. If my hon. friend would let that stand until later I think perhaps we would be more likely to get a reasonable solution. But I will admit at once that in the present situation the industry is very unhappy. Imports, particularly of tennis shoes and shoes of that kind, are seriously interfering with Canadian production. The interference with waterproof shoes is not serious at the moment although it could be in the future. We are examining the position in the hope that we can give the industry some help.

Mr. Fleming: I do not wish to press the point if there is some likelihood of a solution being earnestly sought. The minister asked that it be left until later. Does he mean this session?

Mr. Howe (Port Arthur): There is no hope of that. The situation will not change when the house adjourns and I hope the house will not wait that long. However, certain approaches are being made which I think might be interfered with by any statement I might make.

Mr. Fleming: Is the solution one likely to involve the necessity for legislative action on the part of parliament?

Mr. Howe (Port Arthur): No.

Mr. Fleming: The last matter I should like to raise is in regard to the Northern Ontario Pipe Line Crown Corporation. There are some questions of a specific nature that I should like to ask the minister. In the regulations promulgated in the *Canada Gazette* of June 27, containing order in council P.C. 1956-858 of June 7 last, the last of the clauses of bylaw No. 1 of the corporation reads as follows:

> The president shall submit to the board for approval prior to submission to the minister proposed budgets of operating and capital expenditures for the next ensuing financial year of the corporation.

I ask the minister if that budget has been submitted to him yet.

Mr. Howe (Port Arthur): I am told it has been before the board but it has not reached me yet. It will be submitted to council for approval as soon as it reaches me and the Minister of Finance.

Mr. Fleming: When it reaches the minister and is approved by him as required by the bylaw, will it be made public?

Mr. Howe (Port Arthur): No. The operating budget of every crown corporation is required to be submitted to council by the minister responsible and with the approval of the Minister of Finance. That is routine, but those operating budgets are not made public.

Mr. Fleming: The bylaw requires a budget of proposed capital expenditure as well. Is there any thought of making it public as to the capital expenditure in the budget?

Mr. Howe (Port Arthur): We do not usually. There is nothing to conceal about the capital expenditure but these cabinet documents are not usually made public.

Mr. Fleming: I cannot ask for it right now because it is not in the minister's hands, but I think it will be necessary for parliament to see it when this house first sits after the budget has been received by the minister and approved by him.

The next question I have is as to financial transactions between the two corporations, namely, Northern Ontario Pipe Line Crown Corporation and Trans-Canada Pipe Lines Limited. What contracts have been signed by the crown company or by the government with either the crown company or Trans-Canada Pipe Lines since the bill was given royal assent on June 7?

Mr. Howe (Port Arthur): The only contracts are the mortgage indenture and the transfer of bonds with respect to payments made. I am told there has only been one payment made, the $6,775,000 advanced to the borrower on June 18, 1956. That answer has been given twice in the house.

Mr. Fleming: Is there another advance in contemplation?

Mr. Howe (Port Arthur): It has not been applied for yet. I think it should be due shortly after the first of the month.

Mr. Fleming: Is it expected there will be any further contracts signed between the two corporations?

Mr. Howe (Port Arthur): No, the act specifies the relationship between the two. My hon. friend is looking into the future. Eventually there will be the lease of the Northern Ontario section when it is completed.

Mr. Fleming: I was not thinking about that at this stage.

Mr. Howe (Port Arthur): I anticipate there will be repayment of the advances and discharge of the mortgage some time this autumn, but that of course is provided for in the legislation.

Mr. Fleming: I take it that the government is not a party to any contract that has been signed nor, I take it, is it likely to become a party in any of the contracts between the two corporations.

Mr. Howe (Port Arthur): No.

Item agreed to.

Exhibitions—

422. Exhibitions generally $535,888.

Mr. Diefenbaker: I should like to ask whether any consideration has been given during the past year to restoring the trade fair that was abandoned. I refer to the trade fair for the commonwealth and other parts of the world which took place for several years in the city of Toronto and which was so beneficial in bringing together trade representatives from all parts of the world. On the basis of the experience of the last year, is the government giving any consideration to reinstituting once more that fair to the end that there will be made available to all parts of the world representations of Canada's industrial production, thereby encouraging a greater measure of trade with this country?

Mr. Howe (Port Arthur): Mr. Chairman, the answer is no. We are giving no consideration to reopening the trade fair. The trade fair served an extremely important

purpose after the war in that it was a means of opening up the Canadian market to suppliers whose relations with Canada had been interrupted by the war. During the trade fair a good many British firms were able to re-establish themselves in this market. The same is true with respect to producers in other countries. However, the fair was becoming less and less useful in that regard and the exhibits were changing from business exhibits to prestige exhibits. There was too much of that sort of thing creeping in. We felt that better service could be obtained by taking our goods abroad and using foreign exhibitions to sell Canadian goods. We still believe that procedure is much more useful in the present phase. For instance, in Lausanne each year there is one building set aside for one particular country. This year that country is Canada. We have an excellent exhibit at Lausanne this year. I may say that Canadian manufacturers are giving us plenty of support with respect to that exhibit. We have had very good results in the trade fairs on the continent, particularly with Canadian furs. We have sold not only Canadian furs but Canadian fur garments. We have been most successful in doing that. Really I think it surprised our fashion establishments to find out what can be done simply by providing means of bringing our fashions into European markets. We think that is the proper way to spend the exhibition vote. The purpose is to carry on with that particular policy.

Item agreed to.

423. Canadian participation in the Brussels universal and international exhibition 1958, $750,000.

Mr. Fleming: In view of the importance of the Brussels exhibition, and the substantial increase in the item appropriated for Canada's participation in it, I should like to ask the minister if he would make a statement in relation to the exhibition. May I also suggest that it might be appropriate to call item 705 of the supplementary estimates along with this one. It relates to the same subject. I have a question to ask on it. Item 705 is as follows:

705. Canadian participation in the Brussels Universal and International Exhibition 1958—further amount required to authorize payment, notwithstanding the Civil Service Act, of an honorarium to Mr. J. J. Olson, $1.

Mr. Howe (Port Arthur): Yes. I should be glad to have them considered together. The fair in Belgium is a world fair. It is not a trade fair in any sense. It is a world exhibition. We regard it as an extremely important matter for Canada to be well represented at the fair. We are constructing a Canadian building there at a cost of $1 million. The total cost of our participation in the fair is likely to be $2¾ million. We think a great deal of imagination has gone into the preparation of the plans. When parliament resumes I should like to have an evening set aside so that we can show slides of the plans of the building, the location of it and some of the ideas for exhibits. For example, we are taking a model of the seaway over there so that we can have a live exhibit of the seaway. Canadian art will also be exhibited. It will be representative of Canada in Belgium. We think we have a fine site on the property. There is a large property in the suburbs being set aside for it. We believe that we have something very much worth while as far as the position of Canada in Europe is concerned. I could read an essay on the subject if my hon. friend would like me to do so. It will take a little time.

Mr. Fleming: Why not give us the highlights of the essay instead of the whole essay?

Mr. Howe (Port Arthur): The government placed the responsibility of planning, organizing and administering Canada's participation upon the Canadian government exhibition commission. To assist and guide the director of the commission, the government appointed an interdepartmental advisory committee of senior civil servants.

Under the authority of this interdepartmental advisory committee an architectural advisory committee was established to guide the preparation of plans for the Canadian pavilion. The committee consists of two representatives appointed by the Royal Architectural Institute of Canada; the chief architect and liaison architect, Department of Public Works; the consulting architect of the commission; the chief designer of the commission; the superintendent of exhibits and, as chairman, the director of the commission.

Early in 1955 tentative arrangements were made with the exhibition authorities of Belgium for the Canadian site. This site, with minor adjustments, was confirmed in October. The Canadian site is located on one of the highest elevations in the exhibition area. Preliminary plans, were developed and finally approved by the cabinet on March 1, 1956. Because of the world-wide shortage in structural steel, the plans and specifications for the steel structure were completed and tenders called for from Belgium. Belgian steel was selected because at the conclusion of the exhibition the pavilion has to be dismantled and the steel salvaged in Belgium.

I think that is fairly well the thought. The work at present is that of getting on with the construction of the building and working

with the provinces to work out provincial exhibitions. On that point may I say that recently a meeting of the representatives of the provinces, appointed by the provincial premiers, was held in Ottawa. At this meeting the plans of the pavilion and the plans for presenting the Canadian Story were reviewed. While the government of Canada assumes the responsibility for the cost and is not asking for contributions from the provinces in the form of rent for space, it was considered advisable to secure the views and suggestions of the provinces with respect to the proposed plans. I am pleased to state that at this meeting the officials responsible for Canada's participation received wholehearted support from the representatives at the meeting, as well as an expressed willingness to assist in every possible way.

My hon. friend has referred to the item in the supplementary estimates for Mr. Olson. Mr. Olson is an officer of the Department of Public Works. It was not possible for the Department of Public Works to assign him full time to the job, but an arrangement was made with him to prepare specifications for the building in his own time. It was important to have Mr. Olson do it because the Department of Public Works will supervise the construction of the building. We wanted specifications which met with the standards of the Department of Public Works. Under a vote in the supplementaries he is supposed to be granted an honorarium of $500 for his work outside of the line of duty in preparing the specifications for this building.

Item agreed to.

Dominion bureau of statistics—

427. Administration, $177,729.

Mr. Diefenbaker: In this connection, I should like to ask the minister whether or not there is an annual report of the dominion bureau of statistics published in the French language? I communicated with the distribution branch and there may have been a mistake in the information I received, but I was advised that such was not the case. Would the minister say what the situation is?

Mr. Howe (Port Arthur): I am told there is no report in the French language. I presume it is because the report is practically all statistical in form and numbers read the same in both languages; that is the only reason I can think of. I am told there never has been a report of the bureau of statistics in the French language.

Mr. Diefenbaker: I should like to ask the minister one other question and it is this. I notice that throughout the report there are references describing the bureau of statistics as the "dominion bureau of statistics". I have before me the annual report, and it is so described. I have a copy of a letter to His Excellency, as signed by the minister himself, which refers to the dominion statistician, and the report is of the dominion statistician. All of this is quite proper and is in accordance with the statute.

Can the minister give the house any information as to why it is that the building occupied by this body, the dominion bureau of statistics, has had the word "dominion" removed from it? Was that a decision of the government or was that the action only of the Department of Public Works? It is a very strange thing that the plaque in the front of this building, a building performing a function important to this country, contains a description that is improper, incorrect, and completely unjustified under the statute setting up this bureau.

Mr. Howe (Port Arthur): No, Mr. Chairman, I do not know whether it was an economy move on the part of the Department of Public Works. As a matter of fact, I think my hon. friend is wrong and that the statute provides for a dominion statistician but I doubt if it provides for the dominion bureau of statistics. I am getting that checked.

Mr. Diefenbaker: Oh yes, it does. I have not the statute here, but I can send out for it. The statute describes this bureau as the dominion bureau of statistics. I am glad to have the explanation of the minister, that on the plaque identifying this building the word is omitted for economy purposes. How much would it have cost to have indented, if that is the proper expression, the word, "dominion" on the brass plate in addition to the words "bureau of statistics"? I have heard all kinds of explanations for the removal of the word "dominion", but I think in this case the Minister of Trade and Commerce has achieved the ultimate in the matter. Cost is the reason why the word "dominion" does not appear on the plaques in front of the bureau of statistics building.

I commend the minister for the novelty of his explanation. Certainly it has nothing much more than novelty to commend it to me. I think it only proper to add that it is a strange thing that up to the present moment that explanation, the most grotesque of all, should be advanced for a significant course of action being followed by this government in so many ways of outlawing by action rather than by parliament the use of the expression "dominion". I will say no more at this time.

Mr. Howe (Port Arthur): I am sure my hon. friend, in discussing the parliament buildings, always refers to them as the

dominion parliament buildings. I am sure he would, he is so anxious to get in the word, but I have never seen any sign which says these are the dominion parliament buildings.

Mr. Diefenbaker: No, and there is no statute which says that is the name, but there is a statute which says it is the dominion bureau of statistics.

Mr. Blackmore: I should like to associate myself with the hon. member for Prince Albert. It is simply a reflection on the government of Canada that it has gone forward and dropped "dominion", dropped the "Rule Britannia" song for the navy, et cetera, and all without consulting this parliament.

Mr. Howe (Port Arthur): I noticed my hon. friend dropped the word "dominion". He said "government of Canada", and surely he ought to be consistent and say the government of the Dominion of Canada. I might say we dropped nothing so far as the sign on the bureau of statistics is concerned because the word was never there.

Mr. Blackmore: I will say the dominion government of Canada, in order to be consistent.

Mr. Hamilton (York West): I should like to think that the minister's concern about economy in the operation of this branch under his department might be extended to allow some of the companies carrying on business in this country the same opportunity to economize. I think it is about time someone drew to the attention of the government the fact this department is plaguing business enterprises from one end of the country to the other with the number of forms it requires to be filled out now to cover your corporation tax, whether it be only federal or federal and provincial; whether it covers as well your security transfer tax or whether it is merely an information return. We have now a series of questionnaires which come out almost daily asking questions of these companies. If the minister is so concerned about economy I suggest he might take a look at one of these questionnaires I have before me. It would take a Philadelphia lawyer to fill it out. It is three pages long, and this time they are attempting to get a few statistics about the operation of trucks.

The little pamphlet in question is to be carried around by the truck driver. At ten o'clock and three o'clock in the afternoon you can see him stopping his truck, running around to the rear and looking at the cargo and estimating the weight of his truck load at that particular time. At the same time he has to make a notation each time he fills the gas tank during this period showing how many gallons of gas he uses. He has to indicate daily how many miles are travelled by the truck and the total tonnage of the material that is transported. He has to give a few additional statistics. I say to the minister, how ridiculous can we get? How much more trouble are you going to cause businessmen in carrying out their business? I can see the truck driver who is carrying this pamphlet stopping his truck and making a mental calculation every time an item in this little book has to be filled in. I strongly suggest that if we are going to economize anywhere we might take steps now to economize a little on the effort that is required by our companies in keeping up with this department.

Mr. Howe (Port Arthur): Mr. Chairman, I think my hon. friend is right. I do not like to expand the work of the bureau but the fact remains that we have no statistics on trucking. The board of transport commissioners requested us to provide statistics and the 10 provinces have all asked us to do so. We reluctantly added to our staff with that in view.

All the pressure that comes to me about the bureau is for more statistics. I presume they must be valuable to business and government or we would not be pressed to have them. If a government agency and all the provinces say that they need the statistics it usually becomes the job of the bureau with my approval to undertake to gather the statistics. That is the position of the statistics on trucking.

If my hon. friend thinks we can get along without them I will put his views forward to the various interested agencies.

Mr. Hamilton (York West): Mr. Chairman, in closing, I would like to say this. I am sure the minister is well aware of the number of forms that need completion. It seems to me a very useful job might be undertaken by this particular department if it considered how much time and effort are consumed in the completion of these reports. The minister might give some leadership in connection with the matter I have raised. It seems to me that most of the information required by the department is very different from the survey I spoke about which involves the source of capital, and questions relating to the number of shares held by foreign shareholders and the number of shares outstanding.

If the government was looking at the situation from the standpoint of economy and considered the number of tax returns which must come in each fiscal year, if the bureau wanted to co-operate and economize they

could arrange for a perforated slip to be put at the bottom of that form. If it was for information such as a return to a provincial corporation's branch the slip could be torn off and turned in. Information concerning special items such as the ownership of shares, capital and where the money comes from could be put on at the same time. Once a year upon completion of the tax return the information could be given to the dominion bureau of statistics and they could compile it for their financial returns.

Mr. Howe (Port Arthur): Mr. Chairman, I might say that when I came to the Department of Trade and Commerce I was under the impression that the bureau had too many types of reports and a committee was set up to reduce the number of investigations and reports that the bureau was making. One provision that I insisted on at the time was that, if a report could not be ready within six months of securing the data that the report was not very valuable in any case.

I do not remember the figures but there was a very substantial reduction effected by the committee in the number of reports and an improvement was made in getting the reports out more promptly after their due date. I am sorry to say that recently the department has been slipping somewhat owing to the fact that we have not been able to get the staff we require for the work. We hope to improve that situation and you will notice that we have a little larger budget this year. The objective is always to get out the minimum requirement needed to carry on the business of Canada and to get it out promptly.

Mr. White (Middlesex East): Mr. Chairman, I was rather surprised to hear the questions asked by the hon. member for York West regarding the trucking industry and I was equally surprised to hear the minister reply that 10 provinces had requested the information. It seems to me the provinces know more about the trucking industry than does anybody else because they licence the trucks. It seems rather strange to me that the 10 provinces should suddenly request that information. What is the federal government going to do with the information when they get it?

Mr. Howe (Port Arthur): Give it to the provinces.

Mr. Fleming: And to the public.

Mr. White (Middlesex East): Is there a penalty attached if the truck-owner or driver does not comply with this request for information?

Mr. Howe (Port Arthur): I would think not, probably. I do not think the individual truck drivers would fill out these forms. I think they will be filled out by the trucking companies. If a large trucking company refuses to comply with a request from the dominion bureau of statistics the owner may hear from them. I imagine he would because there is the Statistics Act in existence in this country which provides certain penalties.

Mr. White (Middlesex East): That is exactly what I am coming to. The minister says there is the act and if the form is sent out and the man does not comply by filling it out he will hear about it pretty soon. I can confirm this and I know what I am talking about because I have been a victim of this sort of thing.

Mr. Howe (Port Arthur): One should always comply with the law.

Mr. White (Middlesex East): Yes. A form came to me as a processor and packer. Having had a crop failure that year I did not fill it out. Pretty soon I received a letter, and then another, and finally a registered letter. I informed the writer to come to my office in the parliament buildings to discuss the matter and I have not heard about it since.

Mr. Fleming: Mr. Chairman, I simply wish to clarify one point. In relation to these reports requested from the truckers I think the minister ought to make it clear that this is a particular survey and it is not intended that this should be a continuing form of return required to be made by those operating trucks.

Mr. Howe (Port Arthur): Yes, that is the case.

Mr. Bell: I want to ask a few brief questions regarding the availability of some figures I have not been able to obtain. The first set of figures concerns our wheat shipments to Poland. In this case it may just be necessary for the minister to say why the figures are not available. I do not care whether or not I receive the figures now but I would like to know why they are not available. I am interested in the figure for the total amount of wheat in bushels rather than the total amount of wheat expressed in dollars. I would also like to know the places where the wheat was bought from the wheat board; that is, whether the quantities were shipped through Prince Rupert or Vancouver, and so forth. I would also like to know the cost of the wheat to the Manitoba Northern Sales, the amount of export credit insurance payable by the shipper, the amount of interest paid or payable to the federal government for these moneys that have been advanced, and

then I also want to know the dates of the shipments, and the names of the ships.

If the minister does not have this answer readily available perhaps he will tell me why the information is not available, and if I might expect it at some future date.

Mr. Howe (Port Arthur): This is a case which is sub judice. My hon. friend is trying to help out some of his lawyer friends. Such facts as are available are published by the dominion bureau of statistics. My hon. friend is well aware of that. This is a private row and he had better let the boys do the best they can and I will do the same.

Mr. Bell: That is all right. I just wanted to know why the information is not available. I want to ask again this year if it is still not possible to obtain monthly figures of the exports of Canadian goods through Canadian ports and United States ports? Those have never been made available on a monthly basis in the same way that the imports are made available and I would like to know why it is not possible without too much extra effort to obtain monthly figures for exports similar to those which we obtain for imports.

I might say we are vitally concerned with these figures and in this way we would have a comparison by the month. Without these figures we will be unable to ascertain what progress is being made to eliminate the sad injustice which is in existence in Canadian ports.

Mr. Howe (Port Arthur): Mr. Chairman, I presume the reason is that the United States figures come from authorities in that country. I understand it is a matter of delay in receiving the United States figures and I do not know of any other reason. Of course, at the year-end my hon. friend has no trouble in obtaining them because all those reports are published by the bureau of statistics. It seems to be a matter of delay in getting the information to the United States authorities which prevents the monthly statements coming out.

Mr. Bell: That may be true. The department compiles records of imports coming into Canada through Canadian and United States ports and I presume that in one case the figures would be United States and in the other they would be our own, or would they both be United States figures?

Mr. Howe (Port Arthur): We have complete figures with regard to imports, this would be Canadian information.

Mr. Bell: When those are available, why cannot they be obtained for exports?

[Mr. Bell.]

Mr. Howe (Port Arthur): Our customs authorities are not interested in exports. The customs department gets no percentage out of exports. The customs are interested in imports but not in exports.

Mr. Bell: I realize that, but I suggest that it would not be much trouble. Surely there is some kind of check on goods going out of this country. If you can compile them on a yearly basis it should not be too much trouble to compile them on a monthly basis.

Mr. Howe (Port Arthur): I have no one here really to advise me on that problem but I shall look into it. If it is possible to improve the situation I shall be glad to do it.

Item agreed to.

429. Census, including a contribution as detailed in the estimates, the expenditure for which not to exceed the amount shown unless otherwise approved by treasury board, $4,710,429.

Mr. Fleming: Mr. Chairman, I think the committee would be interested to have a report from the minister with reference to the census, particularly as there has been a large increase in the appropriation this year for that purpose.

Mr. Howe (Port Arthur): The census has been completed except for the compilation of the figures, and I understand it went off very smoothly and successfully. We hope to have the figures all complete by early next year, but some will be complete before the end of this year. The census was carried on from coast to coast and we were able to effect some economies as my hon. friend will note if he compares the expenditures. We were able to save about $200,000 of last year's appropriation. For instance, the statistics had always been taken down by pens supplied by the government at a cost of $3.59 each, and this year we did it with pencils at a cost of 29 cents each. Also we were able to use less expensive stationery and varitype printing instead of the usual type. There has been a great deal of progress in cutting down the cost of the census work which of course is a gain for the future.

Mr. Fleming: May I ask if it is intended to turn out as many volumes containing extensive analyses as were turned out recently in connection with the decennial census?

Mr. Howe (Port Arthur): This is a skeleton census and the information obtained is skeleton in character.

Mr. Fleming: How many volumes will there be?

Mr. Howe (Port Arthur): One.

Mr. Knight: There is one little detail I should like to ask the minister about. I read an amazing statement in a newspaper by a gentleman who had been charged with taking the census in a certain district who said that there was no room on the paper on which to set out vital statistics in connection with people who were 100 years of age and over and that he had instructed his census takers to put such people in as being 99 or 99½ years of age. That seems almost unbelievable and if it is true it is most unfortunate. As a matter of fact one lady was objecting because she had been registered as 99 or 99½ years of age when in fact she was 102 years old.

Mr. Howe (Port Arthur): The census is taken on punch cards and the registration is by age groups. I suppose the highest age group on the card is 90 to 100, and whether it would be wise to add another age group to cover those 100 to 110 years of age would have to be considered. I saw where someone died the other day who was 110 years of age. I am getting on myself but I think I can get along with the present card.

Mr. Knight: Then I take it that what I have asserted is in fact true. Is there any record of people in Canada who have reached the ripe age of 100 years?

Mr. Howe (Port Arthur): I am sure the dicennial census will show that. This is a skeleton census which does not go into detail.

Mr. White (Middlesex East): I should like to ask about the number of questions asked agricultural producers as compared with those asked other people.

Mr. Howe (Port Arthur): The five-year census was originally an agricultural census which was mandatory in the prairie provinces. We extended that census to all the provinces. The answer to my hon. friend's question is that the agricultural census is a complete census whereas the census of everything else is a skeleton census.

Mr. White (Middlesex East): It seems to me that when you ask farmers 75 questions and receive such a small part of the national income you are leading them to believe you are going to do something about it. I know very well that the government has no intention of doing anything, but it just seemed to me to be out of proportion to ask these people 75 questions when the ordinary householder is asked only seven.

Mr. Pallett: Am I correct in understanding that the census figures will be ready for distribution before December 31, 1956?

Mr. Howe (Port Arthur): Certain figures are essential to certain provinces and we have to get them out before the end of the year. I know in Manitoba they have a problem and they are anxious to get some figures. The complete census information will not be out until some time next spring.

Mr. Diefenbaker: Will the census as it applies to the prairie provinces be used in connection with the redistribution next year in the western provinces?

Mr. Howe (Port Arthur): It is a statutory provision; the constitution provides that in Manitoba, Saskatchewan and Alberta there must be an agricultural census taken every five years. The census was taken to meet the constitutional requirement as far as those three provinces were concerned, but it is less detailed in the rest of Canada.

Mr. Diefenbaker: Is it the intention that it will be used for the purposes of redistribution in the prairie provinces next year?

Mr. Howe (Port Arthur): We give the statistics to the provinces as we are required by law to do and what they do with them is up to them.

Item agreed to.

Board of grain commissioners (Canada Grain Act)—

430. Administration, $149,780.

Mr. Argue: I believe the minister asked that we discuss any items dealing with grain under this item. I want to protest the move that has been made to refuse to license any further off-site storage. The practice that has been followed during the past year of licensing, for the storage of grain, buildings away from the elevator site, provided that they came up to certain standards, is one of the best policies that has yet been devised for storing and handling surplus grain.

Many communities have constructed large buildings of the Quonsett type that could be used at a future date as rinks in their respective communities, and this action has had a great many advantages. It has provided a building that will have a great value to the community over the years, whether as a building for the storage of grain or as a building to provide recreational facilities when we enter a period of no congestion.

Moreover, the provision of additional facilities by this means for the storage of grain has allowed farmers to market their grain and to obtain the initial payment when their grain has been marketed. We in this group for many years have advocated the payment of farm storage and the payment of cash advances, and the government has refused

both. But when the government did two things, allowed off-site storage in the form of rinks to be licensed for the storing of grain and provided that the federal treasury would pay the storage costs for wheat in excess of 178 million bushels, it went a substantial way to providing both storage payments for the community and advance payments for the farmer. This has been a method by which communities themselves are able to obtain part of the payments made for storage.

I can see no good reason at all why rinks will no longer be licensed for the storage of grain. There have been two arguments against the policy. One is that they say that the buildings have to come up to standard. Of course, no matter where a building is located, it can be built to any standard that the builders may desire. Some of these buildings in the form of rinks, I am convinced, are the very best storage that has yet been provided for large quantities of grain, and I am sure that the grain in these buildings will come out in many instances in better condition than grain in the so-called annexes built alongside the railway site.

The second argument is that the grain is not readily available. Of course, that argument will not stand up, because these storage facilities are within a very short distance of the elevator that has leased them, and it is just a matter of putting the grain in the truck and taking perhaps two minutes to drive the truck from the storage building into the elevator and dump the grain. So the grain is just as readily available as though it were in the so-called permanent annex.

There is no difficulty in putting the grain into the storage facilities. I was at a marketing point in western Canada a few weeks ago —Drinkwater, Saskatchewan—and I noted that they had built there a modest-sized rink in which they were storing 80,000 bushels of grain. According to the farmers who built the rink and according to the elevator agent, the wheat board and the board of grain commissioners had informed them that it was one of the best buildings that had yet been constructed for the purpose of storing grain. It cost the elevator company nothing to put the grain in, because the farmers drove into the elevator, had their loads weighed and dumped, and had the empty truck weighed. Then the spout was opened and the grain loaded back into the trucks. The farmers drove across the street and themselves unloaded the grain into the very large rink building that they themselves had built.

I hope that the government will reconsider this policy. There is only one possible reason I can think of for discontinuance at this time, the only one that I should think has any logic to it at all, and that is that it may have been decided to discontinue further licensing of such buildings until the size of the new crop is known. If that is the case, I have no objection. I shall have no objection if the policy is reversed, should we harvest the very large crop that is now in evidence in western Canada.

So I should like to ask the minister whether or not the government will reconsider its policy in this connection within the next month or two when we find out the size of the crop and, if so, whether or not grain in such buildings will be entitled to the regular storage payments.

Mr. Howe (Port Arthur): The government adopted the policy of off-site storage on the recommendation of the wheat board and the board of grain commissioners. In view of the congestion on the prairies, it seemed the right thing to do. The government reconsidered the matter, on the recommendation of the wheat board and the board of grain commissioners that the time had come to issue no new licences for off-site storage. The reasonableness of the position has more or less been confirmed by the fact that we had 35 million bushels less wheat in storage at the end of the last crop year than we had at the end of the previous crop year; and also in view of the fact that there was very much more empty storage on the prairies this year than a year ago, there does not seem to be any reason to encourage new construction to house wheat when there seems to be plenty of space available to do the job. If the wheat board and the board of grain commissioners change their minds and suggest that we need more off-site storage, I daresay that the government will consider it, but at the moment we have no intention of altering the decision which was announced some time ago.

Mr. Argue: With regard to the extra storage space that is available, I think the minister knows that the storage that is available is only at certain points and that there are hundreds and hundreds of marketing points in western Canada where there is little storage available and where the provision of such additional facilities would be valuable. I shall be quite content to end this discussion, as far as I am concerned, if the minister will say that he will take another look at the situation in October, after harvest, to see whether or not there may be some real need for reversing the policy.

Mr. Howe (Port Arthur): I will say that I shall do so if I am asked to do so by the wheat board or the board of grain commissioners.

Mr. Diefenbaker: There is one other question in connection with this. I know of two or three rinks that are being used for storage purposes. Are the towns that operate or own these rinks receiving anything in respect of storage? The other day I was reading of one in my former constituency of Lake Centre where there was a very large storage in the rink, and it was said that the return that was being received for storage payments would be sufficient in a matter of two or three years, if continued, to pay for the actual cost of the rink. Is that storage being paid officially or is it a local matter whereby payment is being made?

Mr. Howe (Port Arthur): I expect some day to get trophies from both the curling associations and the skating rink associations of the prairies. I believe more rinks have been built to store grain in the past three years than have been built in the prairies ever since the first settler arrived. The storage is paid under an arrangement with one of the line elevator companies, which is responsible to the wheat board and has authority to move that grain into offsite storage, which is the rink, and pay the owner of the rink a fee out of his receipt for storage which is supposed to be onsite storage. It is a legalized arrangement, but the offsite storage arrangement is made between the line elevator company and the owners of the offsite storage.

Mr. Diefenbaker: That rather answers the question that my hon. friend raised, that sometimes the objection to the licensing of rinks is that the rinks are not up to standard.

Mr. Howe (Port Arthur): That is right.

Mr. Diefenbaker: The fact that by an indirect means there is achieved that which he suggests might be done directly and which I support would indicate that there should be a reconsideration of this problem in the event that again this fall as the result of a large crop tremendous amounts of wheat will have to be stored on the farms. If this arrangement can be operated in certain areas by this indirect means, I see no reason why it should not be considered as a direct means of storage. It would mean that during the period from May until the end of the crop year on the 31st of July a very considerable amount of wheat could be stored in that manner and made available whenever the necessary transport could be secured at the several marketing places.

Mr. Argue: The minister has said that he is probably entitled to trophies from the curling and skating rink associations of western Canada for the fact that there have been so many rinks built in the last three years. Perhaps that is a good suggestion but I think there should be a rider to it that the minister will continue the policy so that there will not be any discrimination as between communities.

The minister said one thing that I do not think he intended to say, namely, that these arrangements are made between line elevator companies and community associations. I think the minister knows that the wheat pool organizations as well as the line elevator companies, all elevator companies, have been prepared to consider such arrangements. In some communities in my constituency the line elevators have leased the premises and at other points the pool elevators have done so. I think that generally speaking the arrangement is approximately the same. The elevator company gets 10½ cents per bushel per year and the local rink association gets 6 cents of the 10½.

Mr. Howe (Port Arthur): I should amend the term "line elevator" to "line of elevators". I apologize to that extent.

Mr. Howe (Wellington-Huron): I should like to ask the question now that I wanted to ask on the first item with regard to storage in eastern Ontario and eastern Canada. I refer particularly to southern Ontario. Because of the cold and late spring this year the farmers found that they had to feed their stock for a longer period of time than usual. The winter stored grain in the elevators in southern Ontario apparently had been depleted and the farmers had to pay the entire rail freight on their grain from the west. That put the price up almost to a prohibitive figure.

I am wondering whether some steps should be taken to move more grain into southern Ontario during the period when navigation is open so that the same situation will not prevail next spring. It could prevail because on account of the late, cold spring not as much acreage of grain was sown in southern Ontario as in other years. There is every indication that next spring there will be another shortage of feed and more feed will be required.

A question was asked the other day by the hon. member for Mackenzie in the same connection arising out of a telegram sent to the minister with regard to the scarcity of feed grain even at the present time in southern Ontario and the trouble some of the merchants are having in obtaining feed grain, probably as a result of the shortage of box cars and other things. They are having trouble continually in getting sufficient feed grain from the elevators. Can the minister give any indication as to what the department can do with respect to moving more feed grain into eastern storage in the fall?

Mr. Howe (Port Arthur): The department has nothing to do with feed grain in Ontario. I have tried to make that clear. We have no authority to do anything. We have gone a long way to make it possible for dealers or whoever wishes coarse grains in Ontario to buy them. We have arranged an agency basis so that the buyer can take the grain, make a deposit on it and adjust the price as of any date he wishes. That is quite a concession. But the grain will always be available at Fort William. If arrangements can be made to have the grain available at the bay ports we will do so but the grain there moves into export and it is very hard, especially in the season of open navigation, to make it available to buyers. Certainly users in Ontario have been forewarned as to their requirements and if they do not take care of them some time between now and the close of navigation I hope they will not blame me for their failure to do so. We just have nothing to do with the distribution of grain in Ontario.

Mr. Castleden: There is one other feature of the storage problem that in my opinion requires attention and that is the matter of terminal storage. Canada's capacity to produce grain is going up every year and the figures for the long term average have to be revised every year; 1956 appears to be another year when we are going to have a big crop.

Mr. Howe (Port Arthur): If my hon. friend reads the bible he knows about the seven fat years and the seven lean years, so let us not get the averages too far out of line.

Mr. Castleden: No, but if we are going to have fat years and prepare for the lean years we will have to have somewhere to store the grain.

Mr. Argue: As far as the farmers are concerned they are all lean.

Mr. Castleden: At any rate, the experience of the farmer in the past few years has been that he has found himself in very difficult circumstances through being unable to deliver his grain. The minister knows the difficulty the farmers had last year with regard to cash advances and farm storage, and the loss of grain on the prairies has been a most regrettable thing. When you find wheat piled up in large piles in the fields and exposed to the weather you know that losses are almost inevitable.

We have a problem with respect to terminal storage for grain. Surely the best place to put the grain is in the terminals where it is available for export. Canada's terminal storage has not increased with Canada's ability to produce. Because of the fact of sales being lower than they were three years ago and the continuation of large crops the storage problem is one of increasing difficulty.

Then there is the matter of box cars. When the railway companies haul grain in their box cars to the terminals they find all too often that there is no space in which to dump the grain and the latest move, which is causing a great deal of concern among western growers, is that the railway companies are now applying to the board of transport commissioners for permission to charge demurrage on cars that are left for any more than 48 hours at terminal points. This means an additional and rather heavy expense which will fall directly on the backs of the producers who are already facing difficult times with increasing costs and decreasing returns.

I suggest to the minister, the wheat board and the board of grain commissioners that it is time that Canada took a look at the terminal storage problem and made provision for the storage of our surplus grain. As a national problem surely the weight of it should not be borne entirely by the farmer. It is surely not good business to leave grain stored in box cars and have demurrage charged that will have to be paid by the farmer. I suggest to the minister that a continuation of the present condition of lack of space at terminal elevators to unload box cars is going to lead to the producers having to pay heavy demurrage charges, and they are going to feel very badly about it and resentful that action has not been taken to take care of this surplus commodity. As to the "seven fat years", we are enjoying that period as far as production is concerned, but they certainly have not brought a great deal of increased well-being to the producer. His problems today are increasing. His costs are increasing. With a declining income, this is a serious problem. I hope that the board of grain commissioners will advocate the construction of more elevator space. Already the government is in the elevator storage business. I believe they rent elevator storage space at the present time. I believe the leases for them are due to expire this year. I hope this suggestion will be looked upon with some favour. I refer to the suggestion that the government consider the building of more storage space in order to do away with the vexing problem which is increasing year by year.

Mr. Argue: There is a question I should like to ask the minister about the personnel of the board of grain commissioners. I believe there soon will be a vacancy on the board if there is not technically a vacancy now. When the minister is considering appointing a person to fill that vacancy, I wonder

whether he will not discuss with the farm organizations—I refer to both the farmers union and the grain organizations—the question of a person that would be satisfactory to both. I know it is the minister's prerogative to appoint to the board anyone he cares to appoint. But I think it would be better and would lead to easier administration if the minister would discuss with the main farm organizations the question of the person to be appointed. I do not really feel that there would be any difficulty in coming to an agreement and recommending a given person. I do not think such a move would lead to any controversy.

Mr. Howe (Port Arthur): The vacancy has not occurred as yet. When it occurs, we shall be glad to keep my hon. friend's views in mind. We usually get the views of the interested grain co-operatives. That has been the case on every occasion, I believe. We get names from each of them and we pick out the man we think is best qualified to do the job. We shall doubtless do that again. The only appointment I have heard was announced in the agriculture committee. My hon. friend appointed a new chairman for the board. That is causing me some embarrassment. However, I will not embarrass him now by suggesting a man for the board.

Mr. Argue: When I was appointing a new member of the board, I did not realize that it would cause any embarrassment. As to the information that I had when I was making my so-called appointment, I consider that I obtained it on the highest authority and it was not told to me in confidence. Had it been in confidence, I would have said nothing about it.

Item agreed to.

Atomic energy control board—

49. Administration expenses of the atomic energy control board, $41,160.

Mr. Green: Mr. Chairman, these next three items have to do with the national research council. There is very little that we have to say about them.

The Chairman: This is item 49.

Mr. Green: I beg your pardon?

The Chairman: I thought the hon. member referred to the national research council.

Mr. Dickey: It is item 49, atomic energy control board.

Mr. Green: Item 49, atomic energy?

The Chairman: Yes.

Mr. Green: Mr. Chairman, these items on atomic energy do not require a great deal of discussion in view of the fact that a special committee of the house has been dealing during the present session with the activities of the government in the fields of research and of atomic energy. I had asked for the setting up of such a committee on several occasions; last session, again this session and also, I think, in 1954. As hon. members know, this committee was set up during the present session. I think it would have been wiser to have the committee deal exclusively either with the national research council and other problems of research or with atomic energy. As the minister will recall, we had some disagreement about that point at the time the motion setting up the committee was under debate. I pointed out then that last year he himself had suggested that there should be separate committees. In the actual working out of matters, that suggestion has proved to be right. This committee has not been able to cover either field adequately and, as a matter of fact, has not yet made a report. There were some hearings during which we heard from officers of the research council. Then there was one trip to the national research council premises. On the atomic energy side we heard from Mr. Bennett an extremely interesting report, and the committee had a trip to Chalk River. But in my opinion the work of that committee was not as effective as it could have been if we had been dealing only with one subject. I suggest that in future years it would be wise to give any such committee only one of these two extremely important fields to cover.

In the atomic energy field we were all again greatly impressed by what we saw at Chalk River. This was my third trip to Chalk River. I have always believed that the spirit there was a model for any activity in Canada. I have never encountered a higher morale than is to be found there. Certainly magnificent leadership has been given by the men who were responsible for setting up that project and for directing it in the intervening years. It would be a good thing if a great many more Canadians could go there and see just what is being done.

Today I should like the minister to tell us what he expects to be the expense for this atomic energy program, say, for the next five years. The government estimates ahead just what these expenditures will be. When the minister replies, I would ask him to give us those figures. The costs seem to have a way of going up higher than the estimates. For example, we had the case of the new reactor known as the NRU reactor which originally was to cost $30 million—I think that is the correct figure—and which

we now find will cost something over $50 million. I think Mr. Bennett told us it would be $52 million or $53 million. I suppose it is difficult to estimate accurately just what these costs will be but they seem to get higher as the years go by.

Then, there are three different points in connection with this whole program on which I should like to have an expression from the minister. The first is this. We are now moving into the field of producing power by means of atomic energy. We are about to build a small power reactor in conjunction with Ontario hydro and Canadian General Electric. There will be more of this work done as time goes on. We realize that plans are being laid for the expansion of work of that kind. I am still concerned as to whether the government is determined to spread out these reactors in such a way that they will be of benefit primarily to those parts of the country which are short of other types of power.

This first reactor is to be part of the Ontario hydro electric system. While I realize that Ontario is faced with a possible shortage of power I hope the emphasis is not going to be placed upon providing power by atomic energy for the larger centres of Canada. It seems to me there is not enough drive in the direction of getting this type of power into areas like Saskatchewan, Nova Scotia and other parts of Canada where there is not as much other power potential. The tendency seems to be to follow the principle, "he that hath, to him shall be given". This could mean so much in the development of the parts of Canada which are handicapped if the government deliberately adopts a policy that will help them first.

The next point on which I would ask the minister to comment has to do with the production of heavy water. He and I had a little disagreement about that earlier in the session over the question of whether the atomic energy plant at Chalk river used any heavy water produced at Trail. I am not going to go into that further today. The evidence we got in committee made it quite clear that at least some of Canada's heavy water did come from Trail. What I am worried about is this. The plant at Trail was owned by the United States atomic energy commission. This year that production ceased and Canada is no longer producing any heavy water. We are now buying our heavy water from the United States atomic energy plant at Savannah, Georgia, which is the only plant on the North American continent producing this commodity.

[Mr. Green.]

The Canadian atomic energy program depends entirely on heavy water. We have gone into that field as distinguished from the use of graphite. Canadian research on atomic power plants is centred on the use of heavy water both as a moderator to control atomic reaction and to keep the reactor cool. We pioneered this field and Canada is the leading nation in the use of heavy water for the production of atomic energy. All the reactors at Chalk River use heavy water and the new power reactor will do the same. The reactor we supply to India will be of the same type. We hope eventually to get into the business of exporting power reactors, all of which will be heavy water reactors. Unless there is some change in government policy the only heavy water available will come from Savannah, Georgia.

I think Canada could be taking steps to get into this business again herself. We have had this experience at Trail and there must be many scientists and engineers who are capable of operating a plant of that kind. It does seem strange that we are just dropping out of that picture. The demands for heavy water in Canada will be extensive. We were told by Mr. Bennett that the NRU reactor would require 66 tons, I think it was, of heavy water. In an economic forecast of the role of nuclear power in Canada made by Dr. Davis of the economics branch of the minister's department and Dr. W. B. Lewis, I find at page 15 some very interesting statements with regard to heavy water. They say this:

> The situation with regard to heavy water is something else again. Here, the necessary tonnages may be many times that of the nation's present production capacity.

I realize the production at Trail was comparatively small.

> What could, in time, become a sizeable segment of Canada's chemical industry may, therefore, have to be created in order to cater for this large and rapidly expanding demand for this unique material.
>
> Phased in five-year intervals, the cumulative material needs of a recycled natural uranium system might be expected to run somewhat as in table V.

Then, in table V they set out the requirements of heavy water as follows:

Year	Short Tons
1961	100- 200
1966	200-1,000
1971	600-1,700
1976	2,000-3,300
1981	4,000-7,000

Then, this forecast goes on as follows:

> Converted into money terms, these investments take on new meaning. Production of natural uranium for domestic consumption, apparently, would have to run into tens of millions of dollars a year. Even if new methods are discovered for the manufacture of heavy water which will reduce

its unit price appreciably, outlays in this direction might reach an annual level of $40 million to $50 million, 25 years from now. And outstripping these expenditures would be the outlays on generating plants and machinery and equipment. These capital investments might reach into the $100 million a year category by 1980.

Then, they show the prospective investment in millions for heavy water, and those figures are as follows:

Year	Investment for Heavy Water in millions
1961	6·0- 12
1966	12·0- 60
1971	36·0-102
1976	120·0-198
1981	240·0-420

This table is based on a cost of $30 per pound for heavy water. I suggest to the minister that in view of the fact Canada has specialized in this heavy water field and has had such success, and in view of the fact that we have trained men, we should make every effort to produce heavy water.

The third and final point on which I would ask a report is with respect to uranium. I would ask the minister to bring us up to date on that situation. From press reports it appears that Atomic Energy of Canada Limited will be contracting for $1,250 million worth of uranium. That is to say, it has entered into or will be entering into contracts that will aggregate that value when this uranium has all been delivered. That figure is taken from a press dispatch of July 23, 1956. It is, of course, a very large sum and Mr. Bennett was quoted as saying in June that uranium would likely be Canada's top metal in value in future years and he prophesied an approximate production of $300 million per year.

I gained the impression from Mr. Bennett's evidence that once these contracts had been filled there was likely to be quite a drop in the demand for uranium and I think it was based partially on the fact that there would not be such large requirements on the part of the United States for defence purposes. If that is so, it seems to me the effect might well be to discourage prospecting for uranium and its production.

This atomic energy field is opening up so rapidly that I think its importance will be a great deal more vast than any of us realize at the present time and by 1962 the demand for uranium may be a great deal higher than we even dream of now.

Mr. Howe (Port Arthur): It may be a great deal lower, as well.

Mr. Green: It may be a great deal lower; that is right. The minister is not often a pessimist.

Mr. McIvor: He never is.

Mr. Howe (Port Arthur): The hon. member was speculating on one side of the question and I was simply speculating on the other, just to show the two sides. I am not taking a position.

Mr. Green: I am just wondering about this whole situation.

Mr. Howe (Port Arthur): Has my hon. friend ever gone on the dotted line for $1,250 million?

Mr. Green: No, and I never expect to. I would like the minister to clear up that point because I gained the impression in the committee that Mr. Bennett was a little doubtful about what we were going to do with our uranium after 1962.

Mr. Howe (Port Arthur): I am glad he was not positive because we have nothing in the form of a guarantee.

Mr. Green: I am not saying that he is right or wrong and I have a great deal of respect for Mr. Bennett and his judgment. I have watched his career with interest for a long time.

Mr. Howe (Port Arthur): Sometimes it is wise to say you do not know.

Mr. Green: I would like the minister to clear up that situation and also to tell us just what will happen to the mining companies that have not been able to get in on these contracts and will not be able to sell the uranium they produce. Is there any provision made for companies of that type? I do not see how this business can be kept going ahead, and yet remain in the hands of a comparatively few companies which have contracts, unless there is some other plan in mind. Perhaps the minister could deal with these points when he replies.

Mr. Howe (Port Arthur): Mr. Chairman, I will try to cover the ground that has been outlined by my hon. friend. I believe he wanted a forecast of the cash requirements for Atomic Energy of Canada Limited. To March 31, 1961 it adds up to $115 million. Do you want it year by year?

Mr. Green: Yes, please.

Mr. Howe (Port Arthur): That is the net. Perhaps I had better give it in round figures. It is $35,817,000 for 1956-57; let us call it $36 million for that period. For 1957-58 it is $30 million; for 1958-59 it is $20 million; for 1959-60 it is $13 million; for 1960-61 it is $15 million; or a total of $115 million. That is the net cash requirement and I should add that it is after certain earnings. It is the estimated net cash requirement.

Mr. Green: That is assuming there would be larger revenues than at the present time?

Mr. Howe (Port Arthur): Yes, it is the estimated cash drain on the treasury of Canada. For example, these atomic piles do certain commercial work for which they get paid and they sell certain plutonium for which they get paid. We expect the cost to the government of Canada to be as I have outlined it.

Concerning the question about the distribution of generating equipment, it is not the purpose of the government or Atomic Energy of Canada Limited to change the constitutional position of the federal government as regards generating power in various parts of Canada. We have taken responsibility for experimental work at Atomic Energy and we regard it as the duty of the government to keep Canada in the front ranks of progress as far as the development of power from atomic energy is concerned. It was never our intention that the government of Canada would build plants in various parts of the dominion.

The plant now under construction is being built in Ontario because it was possible to make arrangements there which we could not make elsewhere in Canada. The province of Nova Scotia was anxious to have the plant located in that province and the private power company offered certain arrangements there.

It being a small system the difficulty was that we had to give a guarantee; first, as to when the power could be put on the line; second, what the power would cost; and third, I think we had to give a guarantee that the plant would be operating for a certain number of years. We were unable at that stage to give those guarantees. We do not know too much about power generated from atomic energy nor does anybody else.

Ontario said they would pay for the cost of the installation other than the atomic pile part; they would operate the pile and pay for the power and use the power. They required no guarantee as to the future of the development.

This power from the original plant is not going to be cheap power. The plant is too small to be an economical unit and, as I say, it is an experimental plant. The purpose is to test out the process and to gain a great deal of information that would be required for a commercial plant. The reason it is being built in Ontario is that we were able to make much better financial arrangements in that province than we could by building elsewhere.

The work of the power development is under the direction of a group made up of representatives of practically every power authority in Canada, whether public or private, and the decisions are taken with the advice of that group. The purpose is to make information available in every part of Canada. We stand ready to give advice on design and scientific work that may help any project, but it is not our intention to build such projects, and push them out into various parts of Canada. We simply act as consultants for whoever wants to go into the business of building atomic power plants.

The second question had to do with heavy water. There is nothing mysterious about heavy water; it is not even classified. There are two or three processes for making it which are well known. Anyone can build a heavy water plant if he wishes to do so. We have a favourable arrangement for the purchase of heavy water. We have always bought it from the United States atomic energy commission. The United States atomic energy commission owned the plant at Trail and we may have received some of that water from Trail, but we never bought it direct. When the atomic energy commission decided that it no longer had use for the Trail plant the commission offered the equipment to us. We tried to make an arrangement with Trail for a price for the product competitive with what we were paying, but were not able to do so. Had we made an arrangement with Trail we would have been paying 25 per cent more for our heavy water than we are paying now under our present arrangement. The price we are paying now is $28 per pound.

In any case the Trail people were not keen to make an arrangement with us, at least they showed no real desire to do so. I had lunch with them once or twice and discussed the matter. However, we decided we would purchase our heavy water in the cheapest market. When you are dealing with a commodity worth $28 a pound, and you need a lot of it, a little difference in the price per pound can go a long way toward $1 million.

In any event I see no particular reason for Canada producing heavy water. If we were not buying it in the United States we might be able to buy it somewhere else. They make it in Norway and in other parts of the world: I do not know whether or not they are about to produce it in New Zealand.

Mr. Green: I understand the New Zealand plant has been closed.

Mr. Howe (Port Arthur): Perhaps, because the costs were too high.

Mr. Green: Is the minister sure it is being made in Norway?

Mr. Howe (Port Arthur): Yes. The New Zealand project was dropped when they

found they could buy heavy water at $28 a pound. I do not mind going into any business if we must, as a government, but I did not see any reason why this government should go into the heavy water business.

Mr. Green: Is it not rather risky to have only one plant on the continent producing heavy water?

Mr. Howe (Port Arthur): Perhaps it is, but the demand for heavy water does not spring up overnight. Even if the plant were damaged it would not take very long to put it back into condition. There is nothing mysterious about heavy water, it is just a commodity the same as anything else.

As to uranium, we have made arrangements with the atomic energy commission of the United States which seem to be quite satisfactory to the mining industry of this country. We have certain contracts with the mining industry which to a large extent have been underwritten by the atomic energy commission of the United States. Those contracts extend to 1962 and provide for the complete write-off of capital expenditures at the mines in the period up to 1962.

The hon. member asks what happens to the mines at the end of 1962. They would have their mine plants all paid for and probably some profit in their pockets. They would be in a position to strike out on their own and we hope they will be able to do so at that time. Through arrangements being completed with the United Kingdom we probably will be able to extend the demand beyond that date to some extent. Certain arrangements have been made with mines which have been late getting into the business which may provide some extension of the present contract. This is a fluctuating situation and involves a terrific amount of money. I would rather not discuss the details at this time. I understand that a good deal of this information was given in the committee and appears in the committee records. I think it would be better if my hon. friend would check that information without asking me to extend myself further.

Mr. Green: I do not think any evidence was given as to what would happen after 1962.

Mr. Howe (Port Arthur): My hon. friend and I need not worry very much. I am simply saying that all the capital cost of the mining plants will be written off by then.

Mr. Green: Just those that have contracts?

Mr. Howe (Port Arthur): Everybody has a contract who is in a position to get into production before the deadline. Perhaps there will be youngsters coming along and they may have to do the best they can. But as I say, the underwritten commitments to the mines total well over $1 billion. I think Canada has done pretty well toward getting her uranium mining industry established.

Mr. Brooks: Mr. Chairman, I concur entirely with what the hon. member for Vancouver-Quadra said with regard to the operations at Chalk River. I have had the opportunity to visit there a number of times and have always been impressed with the energy and interest which is being shown there. I was quite interested in the remarks of the minister in connection with the plant near Chalk River for the production of power. I understand that the objective is to provide thermonuclear power plants in different parts of Canada. On page 26 of the evidence given by Mr. Bennett, president of Atomic Energy of Canada Limited, he gave the following as one of the objectives:

> To contribute to the development of economic nuclear power in order that nuclear power may be available for use in Canada in those regions where conventional methods of developing power are no longer economic.

That would seem to indicate that the intention would be to develop power by this means in parts of Canada where power could not be produced economically as hydroelectric power or from coal. Certainly they have more power in Ontario than is available in other parts of Canada; they have more than they have in Saskatchewan, more than they have in the maritime provinces and more than they have in the north country. I had rather hoped that that was the idea, to establish reactors in different parts of Canada like the maritime provinces.

Mr. Howe (Port Arthur): My hon. friend overlooked the words "to contribute".

Mr. Brooks: If this power is to be developed in Ontario it certainly will not contribute to the development of power in other parts of Canada. I will admit that the experimental work being done in Ontario is a contribution to the development of power in other parts of Canada provided reactors are established there, but it will not be if they are not established in other parts of Canada. As a matter of fact, we all know that Canada, in order to assist in developing power in India, for instance, where it is difficult to develop either hydroelectric power or thermal power, is contributing to a reactor in India for this very purpose.

Mr. Howe (Port Arthur): No. I should like to correct that statement immediately. It is not a reactor for thermal power; it is a reactor similar to the NRY reactor at Chalk River.

It is designed purely for experimental purposes and is quite a different kind of reactor from the one my hon. friend is talking about.

Mr. Brooks: What we are doing is initiating perhaps one of the first steps for the development of nuclear power in India. As I said a moment ago, I was a little disappointed to hear the minister make the statement that it was not intended to produce or construct reactors in other parts of Canada. He mentioned the fact that it was not cheap power at the present time. We all know that, but we were told when we were at Chalk River that there were great possibilities of its becoming cheap power.

I might ask the minister or the government why they should expend all these millions of dollars for the purpose of investigating the development of nuclear power in Canada if we did not expect at some time to utilize it. I do not think the use of nuclear power is very far away, even here in Canada. I should like to quote from an article I read in an English newspaper not so long ago. It states:

> At Calder Hall in Cumberland, it was announced by the atomic energy authority, the first uranium furnace of the nuclear power station had started working.
>
> The actual time was 7:15 p.m., and the actual date May 22.
>
> The pile was charged with slugs of uranium. The control rods were drawn out. A needle began to move on a dial. A red sign lit up—"pile operating". Calder Hall was getting ready for business.
>
> Next the heat transfer system has to be tested. Soon after, the turbines will begin to hum.

Again, the following appeared in the Montreal *Star* in July. The heading is "Great Atomic Power Plant is Year Ahead of Schedule". It states:

> Dounreay plant, the world's most advanced "breeder" station, will produce large amounts of power for the electricity grid.
>
> Because of simplified engineering processes it is now almost certain to be ready by the early part of 1958.

That shows that England—and I might add the United States and other parts of the world—is fast going ahead with the development of atomic power for electrical purposes. I am not going to labour that point any further except to say that I was disappointed with the statement of the minister. Some of the other questions that I intended to ask have already been asked by he hon. member for Vancouver-Quadra, and so I shall take no more of the committee's time.

Item agreed to.

National research council—

282. Salaries and other expenses, $15,470,139.

Mr. Green: As I mentioned before, when I thought we were dealing with this item instead of the atomic energy item, the committee did go into the work of the national research council to some degree but did not make a thorough investigation. We were very much impressed to hear again what is being done by these scientists and engineers. They are making a great contribution to the national life and, I think, deserve the support of the people from coast to coast.

I am not going to go into any details in connection with these votes, other than to bring up one question; that has to do with the numbers of scientists and engineers now available in Canada and who will be available in the years that lie ahead. This question, of course, has been brought to the fore by reports of the great strides made in Russia in the training of engineers and scientists. I do not know whether or not those reports are exaggerated, but in any event they have caused a good deal of concern in the United States and also in Canada. I notice that the very first paragraph of the annual report of the president of the national research council deals with scientific manpower. It reads as follows:

> When the National Research Council was founded in 1916, its first move was to survey Canada's resources of scientific manpower. This survey revealed some serious deficiencies. The council immediately undertook two remedial steps: a system of scholarships in the natural sciences and of grants-in-aid of university research, and a system of associate committees on a nation-wide basis. Both programs were so successful that they still form an important part of the council's activities.

I am wondering whether the minister thinks the program now being carried out by the national research council is adequate to meet the present-day needs for scientific manpower? This question will also be of interest to the Minister of Labour, but I should like to have the minister's comment on that point. The officers of the research council gave me the impression that they thought the reports from Russia were exaggerated and that Canada's position in this field is not too bad, but I should like to have some assurance from the minister. An ordinary civilian or member of parliament is not in a position to know.

Evidently Russia, the nation with which the free nations are competing, is making some sort of a drive to produce very large numbers of engineers and scientists. Of course, it is difficult for us with our different system of living to do that. We cannot say to this young man that he must be an engineer and to that young man that he must be a scientist. We do not believe in that sort of thing. We have to use persuasive methods. However, I should like to know from the minister whether or not he is satisfied with the present situation and, if he is not, whether there are any steps

he can suggest that should be taken in order that Canada may train larger numbers of scientists and engineers than she is at the present time.

Mr. Howe (Port Arthur): Well, the question is a very difficult one. In a vote where you could use X amount of money, as much as you like, you ask if the $3½ million that we spend at the present time on grants and scholarships is enough. I think that the research council has contributed greatly to bringing up the standard of educational facilities in this country in order to produce as many engineers as we have produced. I believe there are about 50,000 to 55,000 engineers and scientists in the country today and we expect that number to double by about 1965. The present output of the universities will produce about that many by 1965.

I presume as the engineering population of our universities steps up the size of the grant should probably expand. I doubt if the shortage of engineers and scientists in Canada is as acute as it is in some other countries. We are short, certainly. Every engineer and every scientist is certain to have his services in great demand, but I would not say that we could stand a 50 per cent increase in the number of scientists and engineers right away and feel we would not have a surplus. That is only my own estimate after talking with people who seem to have a good deal of information on the subject.

But I think that the national research council is studying the situation carefully year by year. The grants are being stepped up, and I think it is the consensus of university people that a good deal of judgment has been used in working out the system that we have today.

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

PRIVY COUNCIL

Privy council office—

328. General administration, $405,184.

Mr. Diefenbaker: Mr. Chairman, there are one or two rather controversial matters on which I wish to direct questions to the Prime Minister under the first item in connection with the privy council. As I remember the situation in the past, this item allows the house to ask the Prime Minister certain questions which he alone can answer. I start with one arising out of his answer today on the orders of the day to a question asked by the Acting Leader of the Opposition with regard to certain opinions expressed yesterday by Canadian ex-officers of high rank, namely General Simonds and General Macklin. In answer to the question asked today the Prime Minister used these rather unusual words. He was referring to the statements which they had made, one by General Macklin to the effect that our link with the United States imperils our defence and the other by General Simonds that of the 20,000 members of the armed forces recruited for Korea, some 7,000 deserted, information which had never been given before in this house. The Prime Minister said this:

> I think—
>
> Referring to these statements.
>
> —they were intended to be alarming by those who made them, but I do not think they have created the alarm in the public mind that was intended.

I found it difficult to understand that answer today from the Prime Minister who usually gives a reasonably comprehensive answer to any question asked. One naturally asks oneself the question as to why the Prime Minister should have left so sinister an inference with regard to the words used by these officers who not so long ago held a very high rank in the Canadian armed forces and who must then have been regarded by the Prime Minister and the government as worthy of the utmost respect and of the responsibility which was theirs. I simply ask the Prime Minister to elucidate what he meant this morning in that regard. Whatever they may have said at the moment, it is difficult to understand how officers who held responsibilities which all of us regard as of the first magnitude, representing as they do our survival, should have it ascribed to them that they intended to alarm or to create alarm in the public mind. One naturally asks oneself a simple question and it is this. If they enjoyed the confidence of the government in the positions they held, what has happened recently which made it necessary for the Prime Minister to leave the inference which was clear and patent from his words, namely that what they were saying was not worthy of credibility, that it had an unworthy purpose in mind, and that it was designed to create alarm but had not been successful. If the Prime Minister did not mean that, that is a different matter. But those are the words, and they are strikingly significant words having regard to the

fact that those two officers enjoyed so high a position of authority under this government for so long.

Mr. St. Laurent (Quebec East): Mr. Chairman, I have not before me the exact words of the question that was put to me by the hon. gentleman who was Acting Leader of the Opposition, but he had spoken of the alarm caused by such statements; and in using the words he used or a paraphrase of them, I said that I thought they had intended to alarm the public. There was nothing sinister in that statement. I think they have both for some time been trying to create in the public mind the impression that I found in some of the excerpts I read of the statements, namely that, because we had not resorted to compulsory military service in this country since the last war, we were not taking proper measures for the right kind of defence for this country. I do not think they were saying anything they did not believe it proper for them to say. I think they were saying it for the purpose of trying to induce the public to take perhaps a more serious view of what each of us should be doing to ward off the dangers they foresee.

I have not seen the text of their statements. I have seen the excerpts that were published in the newspapers. I thought I sensed some sort of contradiction in the statement attributed to General Macklin when he said that we were still preparing for the war before the last war, whilst in another part he was saying that there was altogether too much emphasis being put upon the preparations being made to prevent war in which nuclear weapons would be used. There were certainly no nuclear weapons that were threatening or that were looked upon as having to be warded off in the war before the last war.

Not only in this country but in many other countries I think there is some rivalry between the different branches of the armed forces as to which service can be the most important and the most effective. We have heard divergent views expressed in this house. It is not so very long ago that the military critic for the official opposition was reproaching the government for not attributing a larger portion of its appropriations to the strengthening of the air force. There are opinions that I think are honestly held by all these officers in high positions as to what would be the best way to provide for the effective defence of the country.

Of course they would not be worthy of our confidence if they did not recommend everything they felt would be useful as measures of defence. But everything cannot be done. Since these two distinguished officers who formerly served with the army have retired, they have been speaking on many occasions of their dissatisfaction with the manner in which the defence forces of the country are being organized and provided for. I think they feel that they should alarm the public about that matter. There was nothing more sinister than that intended in my answer to the question in which I endeavoured to use the language that the question contained.

Mr. Enfield: Mr. Chairman, there is something that I feel must absolutely be said while we are discussing this particular point. I want to take just a minute, but I am quite upset about it. I was going to raise this matter on the orders of the day or as a question of privilege tomorrow but the opportunity to deal with it has arisen right now. In tonight's *Citizen* there is a heading which reads as follows:

> Thousands Were Recruited from Jails for Korean Fight, General Discloses

Then the report states this:

> The Toronto *Star* quoted him—

That is General Macklin.

> —as saying that because of inadequate army forces "10,000 criminals and useless men" were taken from prisons "after they had committed every crime starting with murder and working up."

If the general said that, I as a veteran of the service myself feel that I must say this. I say that is the grossest insult to the armed forces who served in the Korean war. I think some 20,000 to 25,000 were recruited. That means that the general is saying that nearly 50 per cent of those boys who served in Korea were criminals. If that is the type of irresponsible statement upon which we have to answer questions put up by opposition members in this house, I think we are certainly wasting the time of this chamber.

The Chairman: Order. I was somewhat apprehensive when the hon. member for Prince Albert raised this question as I felt that it was not a proper one to raise under a privy council item. I am confirmed in that opinion by what has just transpired. It seems to me that this is a matter which could more appropriately and more relevantly be discussed under the estimates of the Department of National Defence. Under this item dealing with the privy council office I am afraid it could not be answered.

I may say that I did not interrupt the hon. member for Prince Albert or the Prime Minister because I understood the hon. member was asking the Prime Minister to explain an answer which he had given earlier today. I do not think we should embark on a further

discussion of this question, which is really one of national defence, under the privy council office.

Mr. Churchill: Surely the responsibility of the Prime Minister enters into a discussion of the estimates of the privy council. In this instance, as I understand it, the hon. member for Prince Albert was simply asking the Prime Minister, in view of his general responsibility, for some clarification of his statement earlier today with regard to a very important matter. In the course of the Prime Minister's remarks I think he did an injustice to General Macklin through a misunderstanding of the report. I, like the Prime Minister, have not seen the text of General Macklin's statement. As I read the newspaper article and the earlier articles by General Macklin appearing in other journals I thought that General Macklin's criticism did not contain a misconception, as the Prime Minister suggested.

I understood the Prime Minister to say that General Macklin on the one hand was saying we were preparing for the war before the last war and, at the same time, General Macklin was commenting upon the development and use of thermonuclear weapons, which is obviously making preparation for the next war. What I gathered from the article was that General Macklin was speaking about the army not being prepared for the war before the last war, and instanced from that that, in the 10 years that have elapsed since the conclusion of the second world war, the army has not been brought up to modern standards with regard to mobility and with regard to air transport.

I see nothing there to indicate that there is any discrepancy in General Macklin's statement. Thermonuclear war has to be prepared for, and at the same time the army has to be prepared for action under thermonuclear conditions. But if thermonuclear weapons are not used the army must be prepared to use conventional weapons according to modern practice, and without mobility it is an army of pre-1939 vintage. I judge that is what General Macklin was aiming at.

Mr. Green: There is one question I should like to place before the Prime Minister and that has to do with the fact that he still has one minister handling the portfolios of veterans affairs and post office. This condition has continued since November 8, 1955; in other words, for over nine months. I should like to register a protest against the failure of the Prime Minister to have a minister for each of those portfolios.

In the first place, the Department of Veterans Affairs has to do very directly with between 250,000 and 300,000 veterans and their dependents in Canada. It is impossible to get an exact figure because there is some duplication. In other words, a man may be getting benefits under Veterans Land Act and may also be getting a pension. But there are at least a quarter of a million Canadians very directly concerned with what is done by the Department of Veterans Affairs. In addition to that, according to the figures given in the estimates book, there are nearly 14,000 employees in that department. It is a very important department having to do with a lot of questions which affect people very directly. I cannot urge too strongly upon the Prime Minister that there should at all times be a minister whose sole responsibility it will be to look after that particular department.

Then, the same is true of the post office department. There are about 25,000 employees in that department. There again problems arise affecting people very directly. I can see no reason why one minister should have been called upon to perform these double duties for nine months. I am not criticizing the minister at all. I think it was unfair to him, as it would have been to any other minister, to expect him to fulfil all the obligations entailed in directing these two departments. I hope that the Prime Minister will take steps right away to see that there is a minister in charge of each of these departments. It has been a strange situation that throughout the whole session one minister would be asked to continue in charge of these two departments. I suggest to you, Mr. Chairman, that this situation should be ended without any further delay. May I have an explanation from the Prime Minister as to why that situation has been allowed to continue?

Mr. St. Laurent (Quebec East): It has been and still is a temporary situation.

Mr. McIvor: I must say, Mr. Chairman, I have never received more answers to my letters during my 21 years than I have from the Minister of Veterans Affairs. I thank him for it.

Mr. Hamilton (Notre Dame de Grace): Just for a moment I should like to suggest to the Prime Minister that he give consideration to the addition of another member to his cabinet, a minister in charge of responsibility in the field of provincial affairs and provincial relations. I am not going to explore this subject at great length, but the reason for the suggestion is that the federal government's relations with the provinces have expanded greatly during the past few years. They are being carried on by various members within the cabinet, all of whom have some small area

of responsibility in this field. It seems to me that the co-ordination of these efforts and the establishment of a focal point to which the provinces could go when they wish to talk to the federal government would be of great advantage to both these levels of government.

I suggest to the Prime Minister that the situation is one parallel to the field of foreign affairs where, for quite a few years, the Prime Minister carried both his own portfolio and that of Secretary of State for External Affairs. In the last few years it was seen fit to divest the Prime Minister of this responsibility. While when he had the burden he acquitted himself quite well in that field, I do think that the opportunity to have somebody who specialized in that field and was free to travel when necessary and to acquaint himself more intimately with these problems has been of advantage in this particular field.

Now, the cases are not exactly parallel but they are very close to being parallel. I point out one further fact in case some one should suggest the establishment of this position would be an invasion of provincial rights. I fail to see that it would be any more of an invasion of provincial rights to have someone charged with the federal government's liaison with the provincial authorities than it is an invasion of the rights of other countries to have a secretary of state for external affairs.

Knowing the Prime Minister's wide background and his personal acquaintance with this subject I will not labour that point any further but while I am on my feet I would like to ask the Prime Minister one question and it is this. How extensive is the newspaper clipping service which is operated in the office of the privy council? It is my understanding that it occupies about two people on a full-time basis; and before I present my other question I wonder if the Prime Minister would care to give us at least some idea of the extent of this operation?

Mr. St. Laurent (Quebec East): I am told, Mr. Chairman, that there are seven people in the clipping office.

Mr. Hamilton (Notre Dame de Grace): That is more extensive than I had anticipated.

Mr. Castleden: You are really getting clipped, eh?

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I wonder if the Prime Minister would inform us what use is made of this material and to what extent it is available for reference purposes by hon. members of the house?

Mr. St. Laurent (Quebec East): Mr. Chairman, I do not think there has ever been any application from hon. members of the house but if there were they would be very sympathetically considered. I see perhaps less than 5 per cent of the clippings that are filed. Almost daily four or five clippings are brought to my attention. I just put my initials on the sheet after I have perused it and send it back and then when there is any requirement for consultation I ask for the clippings of editorial comments on a specific subject and the clippings are gathered together and brought back to me. If at any time the hon. gentleman wants clippings that he would find it more convenient to obtain from us than elsewhere, if he will just let us know I hope we will be able to accommodate him.

Mr. Fulton: Mr. Chairman, I wonder if we could hear from the Prime Minister now a somewhat more detailed report of the conference which he attended in London last month? We were interested and pleased, and to some extent concerned, to know that the Prime Minister had conversations with the prime minister of India, as I understand it, outside the scope of the full conference itself. While the conference itself has been dealt with to a very limited extent in the communique tabled in the house we would, I know, appreciate it if the Prime Minister could enlighten us on the scope of the conversations with the prime minister of India and what conclusions, if any, or what mutual agreements were arrived at on that occasion.

Mr. St. Laurent (Quebec East): Mr. Chairman, there were no mutual agreements arrived at on that occasion and these conversations, as the hon. gentleman would appreciate, are of a confidential character that I would not like to discuss publicly.

Mr. Fulton: Well, surely the Prime Minister can tell us the area which they covered. I am not asking him for a verbatim report; but what were the subjects of mutual concern which caused the Prime Minister of India and the Prime Minister of Canada to get together? Surely, the Prime Minister could take the committee into his confidence to that extent.

Mr. St. Laurent (Quebec East): There were no problems of mutual concern to our respective countries that caused us to get together. I accepted an invitation from the prime minister of India to lunch with him and was accompanied on that occasion by the Secretary of State for External Affairs. We discussed some of the matters that had already been discussed in the plenary conference but we made no agreements and we endeavoured to be as frank as possible with each other in respect of our views concerning the international problems that we were discussing in the general conference.

Mr. Fulton: If there were no areas of mutual agreement were there some of mutual disagreement? If so, what efforts were made in this sphere of international or commonwealth relations to explore such questions as the situation in the Middle East and Cyprus and to determine what were the views of the respective countries and what could be done in the way of reconciling them, these matters which are of such vital concern, not only to this country in particular but to the commonwealth in general?

Mr. St. Laurent (Quebec East): Mr. Chairman, I would not care to disclose the nature of these confidential conversations which the Secretary of State for External Affairs and I had with Mr. Nehru and Mrs. Pandit on that occasion.

Mr. Hamilton (York West): Mr. Chairman, I intended to ask a question somewhat along the same line. I have before me the text of a commonwealth conference communique and as the Prime Minister has said the most recent one has been tabled in the house. Very little is disclosed in these communiques as to what importance these conferences now hold for this country and for the commonwealth. I am not going to inquire of the Prime Minister what was said at the conferences. I might say that the communiques really do not tell us anything.

Mr. Fulton: Hear, hear.

Mr. Hamilton (York West): Certainly they do not indicate either areas of agreement or disagreement. What I would like to ask the Prime Minister is this. What purpose is now being—

Mr. Richardson: Achieved.

Mr. Hamilton (York West): Achieved; yes, that is a very good word which was supplied to me by the hon. member for St. Lawrence-St. George and it is true that he is a corporation counsel.

What purpose is now being achieved by these conferences and what may we expect to achieve through them in the future if this same course of conduct is followed? It seems to me, sir, that it is vitally important to us to know what we can expect from this type of meeting in the future.

Mr. St. Laurent (Quebec East): Well, Mr. Chairman, I think that we can expect to have the good relations with the other members of the commonwealth that we have enjoyed during the whole period in which I have been attending those meetings. I can assure the hon. gentleman that I felt it was of real value to have personal contact and conversations with the two prime ministers I had not met before, the prime minister of South Africa and the prime minister of Ceylon; and also to have conversations in his capacity as prime minister with Mr. Mohammed Ali, whom I had met before in another capacity but who is now the prime minister of Pakistan.

We realized that from different parts of the world we saw the world's problems from different angles and it was, I think, of real value to have the opportunity of this personal appraisal of the viewpoint and difficulties of each of the other prime ministers. The communique is a responsibility of all of us and nothing goes into it that is not acceptable to every one of those who are there. That is perhaps why there is so little of much importance that is disclosed because some of the things that several would wish to have included in the communique would not be acceptable to others. We did put out this time, as on other occasions, a communique to which no one of those present would have any objection.

Mr. Hamilton (York West): Does the Prime Minister feel that within the terms of reference—I think I can properly use that expression—under which these conferences are held they perform a useful function for Canada as a member of the commonwealth in connection with defence and in connection with our trading position within the commonwealth, and does he feel that these conferences have assisted the commonwealth as a group in connection with its possible common defence throughout the world and its trading position throughout the world? If those questions cannot be answered in the affirmative it seems to me that we are beginning to waste our time with conferences such as this.

Mr. St. Laurent (Quebec East): I have never felt that time was wasted. While there are no specific agreements reached I have always felt that the time was well spent and did serve to keep us as close as possible together. On this occasion there were no specific arrangements made about defence but there was a lot of information exchanged about the position in which each country found itself in relation to defence and its contribution to the maintenance of peace and stability in the world.

Mr. Fulton: Surely the Prime Minister must admit that no one here can deceive himself or be deceived as to the obvious nature of the fact that in such a situation as has developed in connection with the Suez other nations of the commonwealth, notably Australia and New Zealand, have made statements in support of the position taken by the

United Kingdom in that dispute which are at marked variance with the very cautious reluctance of this government to commit itself one way or another in connection with that situation. I should like to know what is the purpose of these conferences and what goes on there. For instance, is any consultative machinery set up which would result in a common stand, or if there be not a common stand, which would result in a clear statement of a divergent stand on such a matter as the Suez incident?

Mr. St. Laurent (Quebec East): The Suez incident had not arisen at the time of that conference.

Mr. Fulton: I am aware of that; I am as able to calculate dates as is the right hon. gentleman. What I am pointing out is that after the Suez incident arose other countries of the commonwealth appeared to have been able to take a definite position in support of the position taken by the United Kingdom. Is there better consultation between those countries and the United Kingdom? Are they better informed than we? Were these matters discussed? Were the things which led to a different approach discussed at the conference or did the conference concern itself with generalities and not with specific problems or specific approaches to the world situation? We are not to be content with vague generalities forever. This commonwealth means something or it does not. If we carry on with the policy of drift as we appear to be doing then it will not be very long before the commonwealth means nothing and will in the future be in danger of disintegration, and the attitude of the government of Canada will have contributed more than anything to that disintegration if it does take place.

Mr. Fleming: Was any record, either verbatim or in gist form, kept of the proceedings of the conference? I appreciate it would be confidential in view of what the Prime Minister has said. I recall for instance some previous conferences, particularly the famous conference of 1921. At that time I think a verbatim record was kept of the discussions which led eventually to the denunciation of the British-Japanese alliance. Is such a record kept of these conferences, and in particular was such a record kept of this conference for posterity?

Mr. St. Laurent (Quebec East): There was no verbatim record kept but Sir Norman Brook kept a record and was busy writing practically all the time the discussions were going on.

[Mr. Fulton.]

Mr. Diefenbaker: No one has the information the Prime Minister has on this question and I am asking as a matter of information what is the background which dictates to other members of the commonwealth the acceptance of a family of nations joined together, either as self-governing nations or as republics? What is the philosophy that brings a republic into the commonwealth? Is there any joint responsibility for defence in so far as a republic is concerned? What is this new concept which is so difficult for us to understand, who knew the commonwealth as it used to be, made up of nations joined together, equal in status but not in function? What has the change been that brings in bodies that have no relationship or responsibility to the other members of the commonwealth? What is that basis? If the Prime Minister could enlighten us it would be most helpful because that is one of the most difficult anachronisms for those of us who have never heard it explained. Certainly political scientists cannot explain it and the only one who possibly could explain it is one who had taken part in the achievement of that new concept.

Mr. St. Laurent (Quebec East): I took no part in the achievement of that new concept. It emerged before I commenced attending these conferences. It may be very difficult to explain but it is a relationship that exists and which we all feel is productive of beneficial results for those who are members of the commonwealth.

Mr. Diefenbaker: Could the Prime Minister give us the number of orders in council passed last year as well as the number of treasury orders passed during that period of time?

Mr. St. Laurent (Quebec East): That information was supplied quite recently. I assume what the hon. member refers to are the orders submitted to the Governor General for his signature, and when he refers to treasury orders he means the minutes of treasury board which come to the cabinet for approval several at a time with the order of approval then being submitted to His Excellency for approval. I am informed that the Minister of Citizenship and Immigration gave the number to the committee during the discussion of the Indian Act. It was on that occasion put on *Hansard*, but I can secure the exact number. The orders in council are numbered consecutively.

Mr. Diefenbaker: If they were given, I did not notice them.

Mr. St. Laurent (Quebec East): I would have to ascertain the number of minutes of the treasury board.

Mr. Nesbitt: There is just a brief question I should like to ask the Prime Minister. Some time ago, as I recall it, it was reported in one or two of the Ottawa newspapers that the Prime Minister was going to divest himself of the direct responsibility for the federal district commission. I should like to ask the Prime Minister at this time whether he is considering divesting himself of this direct responsibility and passing it on to some other minister of the cabinet such as the Minister of Public Works?

Mr. St. Laurent (Quebec East): That matter has been under consideration, and no decision has been reached.

Mr. Nesbitt: In view of the fact that the committee has been sitting for some time, and the federal district commission has handed in a report, and these estimates were obviously prepared some time in advance, does the Prime Minister intend to modify the estimates in view of the report of the commission?

Mr. St. Laurent (Quebec East): No, the estimates do not require to be modified at this time.

Item agreed to.

333. To authorize payment of the ninth instalment to a special account in the consolidated revenue fund, known as the national capital fund, established under vote 809, Appropriation Act No. 4, 1947-48, $2,500,000.

Mr. Diefenbaker: Would the Prime Minister give a general picture as to what is being contemplated for next year in connection with developments of the federal district commission in Ottawa. What are the general plans, and what will be the amount of expenditure expected?

Mr. St. Laurent (Quebec East): For this fiscal year, there is no change being suggested in the estimates, which were prepared some time ago. For the next fiscal year, we shall have to consider whether or not we shall adopt the recommendation of the committee that, instead of there being statutory grants for administration, there be a budget for the administration of the commission submitted to parliament each year.

The hon. gentleman knows that there has been a statutory grant of $300,000 and then supplementary votes. The committee has recommended that there be a yearly capital grant as there has been in the past but that for the current administration of the commission it should have to prepare and submit to parliament for approval a budget for all its current expenditures. The amount that will be recommended in the next budget will depend upon the consideration, and the decision after that consideration, that is given to these recommendations of the committee.

As for the capital expenditure, that will depend to some extent upon the availability of supplies and manpower. There are some of these things that are not so urgent that they should not have to give way to some other private or public enterprises that might put a strain on the supplies of material and manpower.

The hon. gentleman has no doubt read the report and has probably read some, if not all, of the thousand pages of printed evidence that was given before that committee. I have read the report and I have read some portions of the evidence, but it will take some considerable time to come to a conclusion as to the projects that are most urgent.

There is one, of course, that is always under consideration and always proceeding, and that has to do with the reorganization of the railway situation in the heart of the city. That proceeds as rapidly as the negotiation with the railways brings about results.

Another that will be undertaken at a very early date is the Queensway, which will occupy the roadbed of the cross-town railway and about which a proposal has been submitted to the city of Ottawa and accepted after negotiations between the government of the province of Ontario, the federal government and the city authorities. That is regarded as one of the urgent projects to be got under way.

There are some of lesser magnitude, such as the work going on for the approaches to the interprovincial bridge. Consideration will have to be given to the replacement of that bridge in due course.

Another matter which was one that occupied the attention of the committee was the pollution of the Ottawa river, about which the Ontario government has set up a commission. Of course, that is a provincial and municipal project but it will probably be carried out in a manner that will be fitted into the general capital plan. It may very well be that, to fit it into the general capital plan, it will be desirable for the commission to make some contribution to the over-all cost of the project.

Another recommendation which will receive very careful consideration is that the act be revised, that it be called the national capital act, and that the commission itself be called the national capital commission. That is a recommendation which appeals to me personally at first blush; but it will be given serious consideration.

There is a recommendation that there should be more active efforts made to co-ordinate the plans of the commission, of the provincial authorities and of the municipal authorities, not only of Ottawa and Hull but of the surrounding district. There certainly is room for co-operative and conformable action by the three levels of government. I hope that it will be possible to have that co-operation.

Within the last couple of hours, I received two letters from Her Worship the Mayor, one accepting the proposal for the exchange of properties which would make Green island available for the construction of a city hall and which will assure to the future capital that the old city hall site will not be built upon. The other has to do with the tentative agreement reached at the meetings between our Minister of Public Works, the Ontario minister of highways, and the city authorities, about the manner in which the project of the Queensway can be proceeded with and the cost distributed between the three interested organizations. So there seems already to have been an improvement, not perhaps in the desire for collaboration and co-operation, but in achieving collaboration and co-operation.

Mr. Diefenbaker: Mr. Chairman, the description that the Prime Minister has given of the Ottawa to be is one that I know will meet with the support of Canadians everywhere, a capital plan making this, the capital of Canada, a city in keeping with the aspirations of the Canadian people. All of us, regardless of what part of Canada we come from, are joined in agreement that what is being done is in accordance with Canada's potential greatness and will bring joy to generations yet to come.

Mr. Campbell: Can the Prime Minister tell us whether the planning committee intends to maintain the cobblestone drive from the west gate up the hill for the next hundred years or whether something can be done to cover them up?

Mr. St. Laurent (Quebec East): I am sure those cobblestones will not last for a hundred years.

Item agreed to.

DEPARTMENT OF TRANSPORT

Marine services—
440. Marine services administration, including agencies, $670,240.

Mr. Green: Mr. Chairman, before this item is dealt with may I bring to the minister's attention the fact that on Saturday last, as reported at page 7040 of *Hansard* and as also found at page 2 of the English translations for that day, the hon. member for Chicoutimi asked the minister this question:

> In conclusion, I would ask the minister whether it would be possible for him to table in this house a copy of the contract between the Canadian national authorities and the U.S. controlled Hilton company, concerning the operation of the new hotel which is going up in Montreal.

The minister apparently overlooked that question.

Mr. Marler: I did not overlook it at all. I ignored it.

Mr. Green: The hon. member asked me to bring that up and ask the minister whether there would be any objection to tabling the contract.

Mr. Marler: The question was brought up last year and I dealt with the matter then. I explained to the house that it was not the custom of the railway company to table contracts that it had made and that that has been the invariable practice. The whole subject was discussed in the standing committee on railways and shipping owned by the government, as the hon. gentleman knows.

Mr. Green: With respect to item 440, would the minister explain to the committee just what part his department plays in this search and rescue service?

Mr. Marler: Mr. Chairman, on re-reading in yesterday's *Hansard* what I said last night I think perhaps I may have given a wrong impression in some of the comments that I made after the hon. gentleman's first question. The impression that I wished to give was that the responsibility for the co-ordination of search and rescue activities was the primary responsibility of the Department of National Defence. The responsibility for providing the vessels that would take part in search and rescue operations would, I think, fall on the Department of Transport primarily—

Mr. Green: For which?

Mr. Marler: For the provision of vessels in connection with the search and rescue operations, because I think the department unquestionably has more of those vessels than any of the other departments of government. But I should like to correct any misapprehension that my remarks may have caused last night that the whole responsibility rested on the Department of National Defence. Their responsibility is that of co-ordination of the activities but it is not a sole and exclusive responsibility.

Mr. Green: Suppose there is a wreck on the west coast. Who has the authority to order out the ships belonging to the Department of Transport?

Mr. Marler: I am informed, as I think my remarks indicated, that the responsibility rests on the air force, the Department of National Defence, for communicating with the various agencies concerned and apprising them of the circumstances and determining whether or not they are in a position to be able to afford assistance.

Mr. Green: Does the air force have the authority to order a vessel belonging to the Department of Transport to go to the scene of the wreck or must that go from the air force to the Department of Transport and then from the Department of Transport to the master of the vessel in question?

Mr. Marler: My information is that the request would be conveyed directly to the master of the vessel and not to the department itself. The hon. gentleman has used the word "order". I think perhaps if he changed it to say "request" that would be more appropriate language to use. I do not think it is the intention or the practice that the search and rescue organization should order other departments, even including the navy, but I am sure the hon. gentleman will realize that we are really merely bandying words if we talk about an order or a request whenever the vessels are available.

Mr. Barnett: I take it that when the minister suggests that government vessels commence a search or rescue operation on the initiative of the search and rescue co-ordination centre he is referring to the general departmental vessels of his department and also other departments such as the Department of Fisheries. However, I believe that that situation—and I should like to know whether my understanding is correct—would not apply to the boats at the lifeboat stations on the west coast of Vancouver island. Is it not true that those lifeboat stations have the authority to undertake a search or rescue operation on their own initiative without reference necessarily to the search and rescue co-ordination centre?

Mr. Marler: My information is that there are only a few of the stations to which the hon. gentleman refers, two, I believe, and that they may act on their own authority or they may act on the request of the search and rescue organization.

Mr. Barnett: As the minister well knows, there are many people who think that two are not enough. However, I will not pursue that question further.

Item agreed to.

Marine service steamers—

441. Administration, operation and maintenance, $7,393,793.

Mr. Green: There is quite a large increase in this vote, Mr. Chairman. It is over $325,000. In the details at page 545 we find that there is an increase in "professional and special services" of over $90,000, and in "repairs and upkeep of equipment" of $120,000 and in "charter of vessels for northern transportation", of $75,000. Will the minister explain those increases.

Mr. Marler: Mr. Chairman, the main reason for the increase is a transfer to this particular subitem of an expenditure which was provided for otherwise in previous budgets. I am referring particularly to the stevedoring costs in connection with northern transportation which are set out for the first time as "professional and special services". They account for an addition to this item of some $90,000.

Mr. Green: What about the other increases?

Mr. Marler: I am informed that the item with regard to northern transportation is attributable to an increase in that particular activity and in the volume of material and freight that is carried northward on the supply mission during the summer.

Mr. Green: What policy is followed by the government in chartering these vessels for trips to the north? Perhaps the minister could tell us how many ships were chartered this year. I presume that charters have already been arranged for the current year?

Mr. Marler: Yes; they have.

The Chairman: Is item 441 carried?

Mr. Green: No, Mr. Chairman; it is not.

Mr. Marler: I shall try to answer the question, Mr. Chairman. The answer to the hon. gentleman's question is that we have called for tenders and we have actually chartered two vessels, one an ordinary dry cargo vessel and the other a tanker.

Mr. Green: To what extent are these tenders advertised?

Mr. Marler: My deputy minister informs me that it is through the Shipping Federation of Canada, first of all; the Dominion Marine Association, and by direct inquiry addressed to the shipping interests which we believe would be interested in it.

Mr. Green: Would that be in Montreal, Halifax and Saint John; all through eastern Canada?

Mr. Marler: Generally speaking, in eastern Canada.

Mr. Green: I presume those ships all sail from the east coast?

Mr. Marler: They all sail from either Montreal or Quebec.

Mr. Green: What companies own the ships that have been chartered this year?

Mr. Marler: It is Federal Commerce and Navigation in respect of the dry cargo vessel and Gayport Shipping Company in respect of the tanker.

Item agreed to.

442. Construction or acquisition of vessels and equipment, $5,309,500.

Mr. Bell: Would the minister like to take this opportunity to reply to my few remarks on icebreaking? The three new icebreakers are listed under this item. It would be a good opportunity to have my reply. As an hon. gentleman has just said, would the minister like to break the ice at this point?

Mr. Marler: If the hon. gentleman is saying it for himself, I shall not give an affirmative answer to that question. Mr. Chairman, what I should like to say on the subject of icebreaking is simply this. As hon. members know, we had the misfortune to lose the *Lady Grey* not in the winter just past but in the winter before last. That loss has naturally thrust a considerable burden on the remaining icebreakers. We have endeavoured to meet the situation first of all by providing for the construction of an additional icebreaker to replace the *Lady Grey*. It is at present under construction at Levis, Quebec. We hope it will be available for service in the coming winter.

We have recently called for tenders for the building of a further icebreaker of what I might describe as intermediate size. I hope it will be possible before too long to award the contract for the construction of that vessel. As my deputy minister points out, that vessel would be assigned principally to service in Newfoundland and in the gulf of St. Lawrence.

We also have in mind the construction of a larger icebreaker of the same general class as the *D'Iberville*. I hope it will be possible to call for tenders for the construction of that vessel some time later this year.

I do not know whether the hon. gentleman has any specific questions with regard to icebreaking. I may tell him that we are in receipt of a large number of requests to which it is quite impossible for us to accede, having regard to the dimensions of the icebreaker fleet at the present time. When these new icebreakers are in service we hope to be able to do more than we are doing at the present time.

[Mr. Marler.]

Another most important factor in connection with icebreakers, of course, is the use to which they are put during the summer months for carrying out the northern supply mission to the many points in the north which can be served only by ships accompanied by an icebreaker or by icebreakers themselves.

Mr. Bell: The minister has more or less explained away the reasons why we must have three new icebreakers in the estimates this year or plans for three new icebreakers.

Mr. Marler: No; plans for two.

Mr. Bell: Yes, but there are three icebreakers.

Mr. Marler: Yes; the item includes expenditures on three. As I say, one we hope will be in service shortly; the second has been the subject of a tender call already; and the third we hope will be the subject of calls later this year.

Mr. Bell: I realize that it is probably difficult to make a definite statement about this icebreaking matter generally; but frankly, I may say it is increasing now to a stage where they have the St. Lawrence open for a period that extends at least a full month into the close of the season and they have an early opening of about that same period. As I have said before on many occasions—and I am not going into the history of it—we are worried about the plans for the future in the St. Lawrence. The other night I mentioned the new icebreakers that are available. The old excuse of flooding in the St. Lawrence does not mean anything to me now, because the flooding has always been there. If one icebreaker could look after that condition formerly, surely it has not increased to the extent that more icebreakers would be necessary. A great many of these vessels are icebreakers and other types of ships; in other words, they combine two duties. I say that it is a back-door method to continue icebreaking early in the St. Lawrence. We had trouble last February, I believe, with respect to the early opening of the St. Lawrence. Vessels were damaged and pilots made statements that the season was being pushed to an extent that was alarming. Frankly, we are worried about it in Saint John and I think they must be in Halifax, as it affects the future of our ports.

Two or three times I have asked questions regarding the additional costs or for an estimate of the cost of these icebreaking operations. It should be possible to estimate the length of time that these vessels are on duty. It should be possible to give the payroll and other additional expenses. I think

that we are entitled to a statement regarding the future plans. Here we are subsidizing the icebreaking and increasing the length of the season in the St. Lawrence, while at the same time we are spending money on the harbours at Saint John and Halifax. These two expenditures are definitely in conflict. We only have the winter business and the season has been decreased now to an extent where our longshoremen, as I said the other night, cannot even get 24 weeks of work in order to qualify for unemployment insurance. I should like the minister to say if the department has examined this icebreaking matter. Helicopters are used, I understand, to survey the weak spots in the ice and see where it is possible to break a channel. The modern vessels have reinforced plates and each year the season for our ports grows shorter. We are worried about our future, and I feel it is going to be an increasing worry and burden. The department must tell us just what is going on, and what their plans are about icebreaking.

Mr. Marler: I would hope I could disabuse the mind of the hon. gentleman who has just spoken, Mr. Chairman, as to the icebreaking activity in that portion of the St. Lawrence between Quebec and Montreal. It is not a matter of subterfuge. We have endeavoured to ameliorate the conditions of flooding below Montreal. The activity of the icebreakers has materially cut down that flooding in the last few years, and our purpose in carrying out icebreaking is not to make possible the use of the port of Montreal at an earlier date than common sense dictates. The prime purpose of carrying out the operation is to relieve conditions that would otherwise result in flooding.

The hon. gentleman seems to be concerned about the possibility of icebreakers being used in the St. Lawrence to the disadvantage of the port of Saint John. I think that is the substance of the comments he has just made. The difficulty, Mr. Chairman, is that we are not faced with a request for additional icebreaking only in the upper St. Lawrence. We are faced with a request for icebreaking from places on the Gulf of St. Lawrence and down in the province of New Brunswick. They have asked us to do something to make their ports available during the winter months. I do not know whether the hon. gentleman wants me to say we propose, because of the representations that he has made, to turn a deaf ear to the representations of other ports in New Brunswick, and refuse to provide icebreakers for them so that the port of Saint John will enjoy an exclusive advantage over the others. I do not think that is in his mind.

I fully understand that he wishes to promote the interests of Saint John and that I think is quite natural. Unfortunately, or perhaps fortunately, it is not possible for us to administer an icebreaking program designed to favour one port in particular. We have to meet this flooding condition that arises below Montreal. I believe we will have to expand our activities in the Gulf of St. Lawrence where there are important developments which will need facilities open to a much greater extent than at present. I think the same applies to ports in New Brunswick which, in my perhaps uninformed opinion, have made out a pretty good case for interest on our part in facilitating a greater use during the winter months of what seemed to me quite natural and suitable facilities.

The hon. gentleman, either on Saturday or today, has spoken about the comments of a pilot who attributed a collision which took place in the lower St. Lawrence to the fact that navigation was opening too early. The collision occurred in the lower St. Lawrence at a point, as I remember, somewhat above Quebec. I should like to tell the hon. gentleman that a most thorough inquiry was made into the circumstances of that particular incident and the pilot was not regarded as being excused by the conditions to which he referred. In fact, as I understand the circumstances, the pilot referred to was suspended as a consequence of that particular accident.

Mr. Bell: I will leave this item now, but I do want to say for the record that the money of the taxpayers of Canada is being used to provide icebreakers which in turn are opening the port of Montreal and other ports on the St. Lawrence early to the detriment of the business of eastern Canadian ports. I realize that there are some other explanations for the use of icebreakers. As I say, it may be a back door method, but in the very near future I can see that we will not have any business in eastern Canadian ports and that with modern methods the expenses of the department will be greatly increased because the St. Lawrence will be open all winter long.

Mr. Marler: I do not want to provoke a discussion, but I would hesitate to peer into the future as far as the hon. gentleman and predict the time when the St. Lawrence is going to be open all year round for navigation between Quebec and Montreal. He has more confidence in the economic possibilities of that than I have. While I fully appreciate that he may wish to take a particular attitude with regard to the port of Saint John it is

quite impossible for me, as Minister of Transport, to accept the position that I am going to discourage operations in the St. Lawrence regarding flood conditions that we are attempting to correct, and say that this is done so that the hon. member for Saint John-Albert will have a port that will be more useful under the circumstances.

I am surprised that he should talk about that just at the time when the port has had a record-breaking year in the transportation of grain. I find it strange in the face of conditions which are record breaking that the hon. gentleman should have so little optimism as to the future of his own port.

Mr. Bell: We did have a good winter in both Halifax and Saint John, but it was mainly due to the grain shipments going through. The general cargo picture is not very much better. The point I am trying to make, and the minister hedges around it, is that the money of the Canadian taxpayers is being used to provide icebreakers, which in turn are allowing the St. Lawrence to open earlier and private vessels are thus enabled to move up to the St. Lawrence ports above Quebec and Montreal, and in that way we are losing out in the competitive battle. It is not free competition any more.

Mr. Barnett: When the minister was speaking on March 16 in opening the discussion of the estimates of his department he made a statement on page 2212 of *Hansard* to this effect. In referring to new vessel construction, he said that all new vessels will, if large enough be provided with helicopter decks that can be used as bases for helicopter operations in the event of emergency. A little before that, on the same page, he mentioned that amongst the vessels to be completed this year was a marine agency vessel for Victoria. I should like to ask the minister whether this marine agency vessel for Victoria will be equipped with an emergency helicopter deck?

While I am on my feet—

Mr. Marler: Perhaps I can answer that one before the hon. member gets another one off his chest. Mr. Chairman, with regard to the Victoria agency vessel, the plans of the vessel were too far advanced to make changes in order to permit helicopter operations from that particular vessel. In the case of the agency vessel which was to be built for the Prince Rupert agency, it is the intention to provide for helicopter accommodation.

Mr. Barnett: My only further question in the same connection is this. In view of the fact that it is not going to be possible to have helicopter accommodation for that vessel, are any special plans being developed for carrying rescue equipment on that vessel?

The minister may recall that when speaking earlier in the session I pointed out that so far as my observation went departmental vessels on the coast did not carry such rescue equipment. I am wondering whether this vessel is being designed and equipped so that it may be more adequately prepared to deal with emergencies at sea than are some of the older vessels?

Mr. Marler: Mr. Chairman, the anwser to the hon. gentleman's question is that neither of the vessels to which I refer, the Victoria agency vessel nor the Prince Rupert agency vessel, will have special rescue or salvage equipment. I am not sure whether I said it last night but I would like to confirm this evening that we are giving consideration to the possibility of designing a vessel which would be suitable for agency purposes and which would also be more suitable than the present agency vessels for operations of that kind.

Item agreed to.

Aids to navigation—

443. Administration, operation and maintenance, $4,948,613.

Mr. Green: Mr. Chairman, in the particulars of this item on page 549 I find that there was a vote of $355,000 odd for lighthouse keepers' assistants. That is an increase of about $60,000 over last year. Could the minister tell us the reason for that increase and could he also tell the committee in what way these assistant lighthouse keepers are chosen?

Mr. Marler: Mr. Chairman, my note with regard to the lightkeepers' assistants which represents an item of $355,621, or an increase of $57,131, is explained by the fact that in 1951 the department assumed the sole responsibility for the payment of assistants to lightkeepers, classes 1 to 5. A further amendment in 1952 revised the rates as follows. Where one assistant only is employed payment may not exceed $1,800 per annum. Where two assistants are authorized payment may not exceed $1,800 per annum for the first assistant and $1,620 per annum for the second assistant, except at Prince Rupert and Victoria where the rate has been set at $2,100 per annum for both assistants.

When you take the details of the requirement—perhaps I might spare the committee the details—you arrive at an over-all requirement of $459,960 less an anticipated short fall in expenditure—our experience in previous years is that not all lights require a full year's employment for assistants—in the amount of $104,339, so that the net requirement is $355,621.

With regard to the other question, Mr. Chairman, I think in a general way that we endeavour when there are vacancies in lights or positions in the more settled and attractive points to provide opportunities for advancement to those who are at the remote stations so that there is some prospect for people in remote stations to move back to conditions that are probably more agreeable and certainly more attractive than being in some remote place where conditions are perhaps somewhat lonely and desolate. I think that covers the situation in a general way and if the hon. gentleman has any further questions I will certainly try to answer them.

Mr. Green: What I was wondering is this. These assistant lighthouse keepers apparently are not considered as civil servants because earlier in the item there are shown quite large numbers of lightkeepers of different classes. There are no lightkeepers' assistants in that list and they are shown in the supplementary list. I take it from this that they are not engaged as regular employees of the department; at least, they cannot become permanent civil servants. Is that correct? If so, why is there not some permanence to this position of assistant lighthouse keeper?

The minister has pointed out that a lighthouse keeper who is serving at a remote point would be given the opportunity to take a position at a less remote and more agreeable centre and I think that is a very wise policy. Does the same policy apply to the assistant lighthouse keepers? That is, do they get any advantage at all or are they merely hired as temporary employees?

I have heard that they are hired by the lighthouse keeper; in other words, that the man keeping a light hires his own assistant. I did run across one case in which that appeared to have been done. There may be good reasons for a policy of that kind, but perhaps the minister would explain what is the actual policy followed by the department with regard to these assistant lighthouse keepers.

Mr. Marler: Mr. Chairman, I might say that it is somewhat like choosing a wife. One chooses a wife with compatibility as one of the qualifications. The same thing applies to the selection of lighthouse keepers' assistants.

An hon. Member: Well, compatibility is a factor.

Mr. Marler: My hon. friend would realize, of course, how undesirable it would be if the assistant of the lighthouse keeper was incompatible with the keeper himself and, as my deputy minister has just pointed out, these men have to board together. I am sure the hon. member will realize that whatever merits there might be in making this a civil service appointment the difficulty posed by incompatibility is not one that can be covered by the usual tests.

As the hon. gentleman has indicated the appointment is in effect made by the lightkeeper. He chooses the man who is to be his assistant, and while I admit there is not the permanency of a civil service appointment we are trying to see what we can do to keep these men in permanent employment although it is not always possible.

Mr. Green: Suppose, for example, that the lightkeeper and his assistant fall out? That happened in the case to which I referred. I suppose the poor assistant lightkeeper just gets kicked off the island. In the case I am referring to the assistant was taken to the boat and told to go. Is there not some way in which the assistant whose only fault is that the lighthouse keeper does not like him can be given a chance to get work at another lighthouse, or is he just out of luck?

Mr. Marler: We are trying in a few places to provide separate accommodation so the compatability of the two may not be put to too severe a test. I take it that there are instances where the only solution is to put the assistant in a boat and say goodbye to him.

Mr. Green: Has any attempt been made by the department to work out a scheme whereby the department would assume some responsibility for these men? It seems to me that where a man is hired and is working at a lighthouse he must be a pretty reliable sort of man. Should there not be some provision made in the case of a lighthouse keeper and his assistant falling out whereby the assistant would have an opportunity to take a job with the department in some other locality?

Mr. Marler: I understand that when incidents like that occur the marine agency do endeavour to find other employment for the assistant. I should like to say to the hon. gentleman that I agree with much of what he has said as to the desirability of assuring as much permanence as is possible to these assistants. I understand that the departmental officials have a plan under consideration by which something can be done to improve the position of these assistants.

Mr. Robinson (Bruce): There is one problem in Kincardine which has not been solved yet to my satisfaction. An occasion arose whereby it was necessary to appoint a lighthouse keeper and I understand that arrangements were made to transfer a man from another lighthouse to Kincardine. Answers which were made to questions I put on the

order paper lead me to believe that these transfers are not always above board. As of yet no appointment has been made to Kincardine and I wonder if the minister can give me any information as to just what is the situation at the present time.

There are several veterans in Kincardine, some of whom are receiving pensions, and any of these men could handle this situation. I think that would be better than to bring in somebody from outside who would have only a part-time job and have to look for another one in the off-season. Does the minister expect to make this appointment shortly?

Mr. Marler: I understand that the hon. member would like to see some local person appointed to this position whereas these appointments are made by the civil service commission after a promotional competition. I will admit that a promotional competition may not always produce the best results and certainly may not always satisfy the hon. gentleman, but it seems to me that it is the fairest method we can adopt where you have a lighthouse in a settled community which would offer attractions to others to come in from a remote point and undertake a period of service. I think we must recognize that that system has merit, even though it may not always be acceptable to the local member.

Mr. Robinson (Bruce): The answers to my questions brought out the fact that new appointments have been made by the civil service commission to locations where any person who wanted to be a lighthouse keeper would be willing to stay there for the rest of his life. I am just wondering if that is always followed out all through the service. I am inclined to think probably it is not. If I am wrong I should like to be shown where I am wrong.

Item agreed to.

444. Construction or acquisition of buildings, works, land and equipment, $1,816,560.

Mr. Green: This item is exactly the same as the vote last year right down to the dollar. The details on page 550 indicate that the actual expenditures for the last fiscal year were $200,000 lower. Why should that $200,000 extra be asked for this year?

Mr. Marler: The reason the vote is identical with that of last year is that the expenditures which are being provided for amount to $1,897,230 and it is estimated that there will be a short fall of approximately $80,670. So we actually arrive at the amount of the vote last year. I think it is expected to fully expend the amount of this vote, and it might be noted that there is a supplementary item, No. 708, for the same purpose.

[Mr. Robinson (Bruce).]

Mr. Nesbitt: I should like to refer to a situation which has been in existence at some time at a place called Bright's Grove not far from Sarnia. For the information of hon. members who may not know this area, Bright's Grove is quite a popular summer resort for people from the United States and southern Ontario, and there are a great many pleasure boats and small craft in the area. Lake Huron can get exceedingly rough at times and when small boats are caught in a storm in this area the only place they can run to is Perch creek at Bright's Grove. However, there are no marker buoys or harbour works of any kind at this point. I should like to quote briefly from the Sarnia *Observer* of Tuesday, July 3, as follows:

> Perch creek at Bright's Grove which has been under discussion for many years as a haven for pleasure craft saved many lives during Sunday's storm.
>
> Pleasure craft caught on the lake sought shelter of the creek and managed to make the entrance but with extreme difficulty.
>
> Many narrow escapes were reported by boat operators. Joseph Partridge of 10 Cedar crescent, Sarnia who in company with his wife and two sons was making the return trip from Blue Point was caught in the storm. He knew the area well but with no buoy or marker he overshot the Perch creek opening and had to take shelter behind a groyne.

Apparently this area has become increasingly important as a refuge in case of storms on lake Huron and apparently there is not even a marker at the entrance. The minister might pass on this information to the department to be looked into.

Mr. Marler: I shall be glad to do that.

Item agreed to.

445. Nautical services—administration, operation and maintenance, including grants and contributions as detailed in the estimates; rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act, $542,330.

Mr. Green: In the details on page 551 we find the sum of $2,000 for vocational training of merchant seamen. Is that small amount the remainder to help the merchant seamen who lost their jobs when the Canadian ships were sold or transferred to British or foreign registry, or what is the purpose of that vote?

Mr. Marler: According to my notes, this particular amount of $2,000 is expected to be the completion of a commitment that was undertaken in September 1949, as the hon. gentleman said, for the training of Canadian merchant seamen. It is really rehabilitation, and perhaps "vocational training" is a rather broad expression. There are, of course, other items included in that.

Mr. Green: How much was spent last year, and how many men are now being helped?

Mr. Marler: In 1954-55 the actual expenditure was $2,385. The forecast expenditure for 1955-56 was $1,500, and my understanding is that we expect to spend $2,000 in the current year. Unfortunately I have not the information as to the number of persons concerned.

Mr. Green: There have been further ships going off Canadian registry during the past year. Are the men from those ships eligible for assistance of this kind?

Mr. Marler: As a matter of fact, I know the hon. gentleman is interested in the ships on Canadian registry, but I understand there is no change in the situation which is reflected in this particular item. Perhaps I might suggest that this question of ships be dealt with when we get to the estimates of the maritime commission.

Mr. Green: I notice that this vote includes $150,000 by way of subsidies for salvage companies in Quebec and British Columbia. Can the minister tell us to what companies that money is paid, and in what amounts?

Mr. Marler: The situation is that there is in the contemplated expenditures of the current year an amount of $75,000 for Foundation Maritime Limited, the object being to ensure that sufficiently efficient plants are maintained to render prompt and effective aid to vessels in distress on the St. Lawrence river and on the east coast. Formerly there was a similar expenditure to Pacific Salvage Limited in Vancouver, but that contract expired last month and has not been renewed.

Mr. Green: Then all this money is to be paid on the east coast?

Mr. Marler: My deputy points out that part of the money will not be used, in view of the fact that we are not renewing the west coast contracts to which I just referred.

Mr. Green: Why should there be a subsidy in the St. Lawrence and not on the west coast?

Mr. Marler: Formerly it was designed to encourage the creation of facilities on the west coast. Now there are facilities—not only this one company but other companies—and consequently it was not achieving the purposes for which it was originally intended. In the case of the east coast, I do not think the contract has yet expired. The situation on the two coasts is very different. On the west coast, as the hon. gentleman knows, there are a number of organizations and a number of facilities of a kind to provide salvage, whereas on the east coast we are not nearly so fortunately placed, and in fact there is nothing apart from this Foundation Maritime organization.

Mr. Barnett: I notice in the details of the estimates on page 551 that last year provision was made for a chief registrar of shipping. Apparently that position has been abolished, for there is no such item this year. Can the minister explain why that change has been made?

Mr. Marler: My understanding is that the same duties are now being performed by another employee included in the vote. It is merely a rearrangement of duties. That explains why there is no specific detail for the chief registrar of shipping.

Mr. Barnett: I wanted to ask the minister why the small grant made last year for the Port Alberni seamen's institute has been discontinued this year. Has he any information about that?

Mr. Marler: I should like to tell the hon. gentleman that the amount to which he referred was $200. I am told that there is an annual review of these grants, and a few of them have been dropped because it was thought that the purpose for which they were made was not being served.

Mr. Barnett: I have not had recent correspondence on this subject, but it has always been my impression that the seamen's institute in Port Alberni has done good work for many years, and I hope that it does not mean that that work is falling down.

A little further down in the details there is an item for subsidies for salvage companies.

Mr. Marler: That is the one we just discussed.

Mr. Barnett: I could not quite follow the question. Do I understand that no subsidy is being paid to a salvage company in British Columbia?

Mr. Marler: The hon. member is correct.

Mr. Barnett: Even though it is listed in the estimates?

Mr. Marler: The reason is that at the time the estimates were prepared the contract was still in force and no decision had then been taken as to whether or not the contract would be renewed. Since the preparation of the estimates, the matter has been given further consideration, and it was decided not to renew the contract.

Item agreed to.

447. Steamship inspection service, including the carrying out of the provisions of the conventions for the safety of life at sea and load lines, and contributions as detailed in the estimates, $739,710.

Mr. Green: This is the steamship inspection service, and I would ask the minister to explain just what control his department exercises over other government ships in order to see that they comply with the various laws and regulations. This question arises because last winter—it may have been in the fall but I think it was last winter—one of the vessels of the Department of Public Works, the *Hilunga,* was sent on a voyage for which she was not built and in the course of the voyage she foundered. Fortunately there were no lives lost, but I think the Department of Public Works incurred damages amounting to almost the value of the vessel itself. I put a question on the order paper asking to what extent the ships owned by the different departments were registered, and the return that was brought down showed that some departments register their vessels and others do not. For example, the Department of National Defence and the defence research board do not. The answer of the Department of Transport was:

1. No. Registration is at the discretion of the department concerned.

2. A record is kept of registered ships only.

3. All Department of Transport ships are registered, except a few small scows, landing craft specially designed for northern waters and motor launches.

The Royal Canadian Mounted Police answered that they register none of their vessels. The Department of Public Works register all but some dredges and scows. Apparently there is no set rule that a government vessel must be registered. I would ask the minister why this practice is followed. It does seem to me that there should be more control of government vessels and that they should comply with all the laws that have to be obeyed by others. Apparently that is not the case and there is a discretion allowed to the departments to carry on as they see fit.

Mr. Marler: I was hoping to lay my hands on a note I had on the subject, but my understanding is that the provisions of the Canada Shipping Act do not make it mandatory that all government vessels be registered. That is a statutory provision. It is not a question of policy but it is a matter of the Canada Shipping Act. I should like to say to the hon. gentleman, however, that with the exception of the ships belonging to the R.C.M.P., as to which discussions are currently being carried on, the other vessels belonging to the various government departments have been registered or are in the process of carrying out the formalities for registration.

The significance of that is that when vessels are registered they are then subject to the same kind of inspection to which ordinary commercial vessels are subject. I do not think it is necessary to enlighten the hon. gentleman on that score because I think he is quite familiar with the extent of the steamship inspection. I hope I have cleared up any doubt in his mind as to the situation. Where there is registration there is inspection, where there is no registration there is no inspection, but so far as government vessels are concerned, with the exception of the vessels operated by the R.C.M.P., as to which discussions are going on currently, the others are registered or in process of being registered.

Mr. Green: That has now been adopted as a general policy, that all government vessels must be registered?

Mr. Marler: I would not like to accept the interpretation of the hon. gentleman. I would merely say it is a fact that it is being done but I do not think I should declare that it is a matter of policy.

Mr. Green: Why do the R.C.M.P. vessels not register and be subject to similar inspection?

Mr. Marler: I think I made it clear that discussions were going on with them as to the registration of their vessels. By that I do not mean to imply that they will agree to register but I do say that the matter is under discussion with them. I am not in a position to speak for them because I think the Minister of Justice should deal with that point on his estimates.

Item agreed to.

River St. Lawrence ship channel service—

449. Administration, operation and maintenance, $953,254.

Mr. Green: This has to do with the dredging of the St. Lawrence and according to a press dispatch in May of this year there has been some talk of a four-year dredging program on the St. Lawrence. Could the minister give us the details of that plan. The dispatch says:

Transport minister Marler announced today that work will start this spring on a four year dredging program to widen and deepen the St. Lawrence ship channel from Montreal to below Quebec city. He said the work is being undertaken on the recommendation of the St. Lawrence ship channel committee appointed in 1954 to study navigation along the 113 mile channel.

Can the minister give us the details of that program?

Mr. Marler: Might I suggest that perhaps we should adopt item 449 and take item 450 which deals with contract dredging.

Item agreed to.

450. Contract dredging, including acquisition of land for ship channel improvement, $3,544,200.

Mr. Marler: Mr. Chairman, I should like to tell the committee that last year a small departmental committee considered the whole question of dredging on the St. Lawrence and that the principal purpose of this item is to provide for improvements to the ship channel which are required in order to reduce the hazards to ocean going shipping which plies the St. Lawrence between Quebec and Montreal. The work which it is proposed to carry out consists of the further widening of curves and critical sections of the dredged channel between Quebec and Montreal as recommended in a detailed and very complete report which this committee of officials prepared and completed earlier this year.

In addition to the rather broad description I have just given, the work contemplates the completion of dredging in certain areas under the 1952 contract which could not be accomplished in 1955. That is a relatively small item. In addition there is the cost of expropriating Boat island which is six miles below Sorel just above lake St. Peter in order to straighten the channel to a minimum 800 feet and improve the run of ice which jams here. Then there is quite a long list of proposed dredging projects which are to be carried out under contract in 1956 as recommended by the committee. Unless the hon. gentleman would like to have the details, perhaps I might not burden the committee with them.

I should like to say that the experience of the department has been that it is good business to call for a four-year contract to carry out a long term program rather than to do it piecemeal from year to year. The contract was awarded after tenders had been called for publicly and the successful tenderer was the lowest tenderer. The practice is, I think, good, sound common sense. I think that is the way in which we can best spend our money in carrying out the dredging.

I should like to point out to the committee that the increased use of the St. Lawrence which is expected to result from the opening of the seaway is one of the main reasons which prompt us to continue this work of improving the channel which, as the hon. gentleman knows, is probably something like 150 miles in length. It has been progressively widened over the years with, I think, very satisfactory results so far as St. Lawrence navigation is concerned.

Mr. Green: What will the total cost be?

Mr. Marler: I have not in my book here the exact figure, but the total amount of the contract slightly exceeds $13 million. I think it is $13,250,000 or thereabouts.

Mr. Green: That is for the four-year program?

Mr. Marler: For the four-year program. The expected expenditures this year amount to a little over $3½ million.

Item agreed to.

Railway and steamship services—

451. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $56,240.

Mr. Robinson (Bruce): Mr. Chairman, I wish to compliment the minister on the way in which he has answered our questions. That is one of the reasons why we like to assist him as much as possible. I should like to get some information from him. It is in connection with the rumoured curtailment of service up in Bruce. I might read this copy of a letter which has been sent to our postal clerks on the railways between Kincardine, Palmerston and Southampton. It reads as follows:

> Plans of the Canadian National Railways call for removal from service of a number of passenger trains effective 30th September, 1956. This will necessitate considerable changes in the railway mail service in this district.
>
> Plans have not yet been finalized but it now appears practically certain the railway mail clerk positions at Southampton, Kincardine and Goderich headquarters will be abolished.
>
> You are, of course, vitally interested and I am therefore, passing this information along to you at this time.
>
> It is anticipated that no postal car will operate in the Palmerston and Southampton branch, (also Kincardine and Goderich lines), and the only postal car operations between London and Palmerston will be in Trs. 168 and 169-29.

That letter is signed by J. A. Flaherty, district director, London. I may say that the hon. member for Huron, who is not able to be here tonight, is also very much interested in this prospective change. I am happy to see that the hon. member for Grey-Bruce has recently come into the house. I think probably he will be interested as well, because it affects part of his district. I should like to say that on August 3 the minister answered a question of mine. My question, as reported at 6923 of *Hansard*, was as follows:

> I have one more question, Mr. Speaker. I would like to ask the minister if he thinks it is wise to curtail train service into Bruce county at

this stage when it is expected by all economists in Canada that the population of this country is going to increase very greatly.

The minister answered as follows:

Mr. Speaker, I could not answer the question in general terms in which it was put. I think every case must be considered on its own merits.

At the present time I should be very glad if the minister could give us an idea as to what merits we have up there in Bruce in not wanting this train service cut off. As I think it has been suggested previously in this house, we are increasing in population and in industrial production up there. I should therefore like to know the minister's views on what we may expect up in that part of the country.

Mr. Marler: Mr. Chairman, I am sorry that I am not in any better position to reply to his question than I was the other day when the hon. gentleman first brought the matter up in the house. I may say that I communicated his observations to the Canadian National Railways but I have not yet received a reply to the inquiry which I addressed to them. In the second place, I am not in a position to express any opinion with regard to the service to which he has referred. I will say this, however: I think that all railway companies would hesitate to give up services that are profitable. I have merely inferred from the questions that have been put that if a reduction in service is being contemplated or is being put into effect, it is because the service as at present rendered is not proving to be profitable.

I would share the hon. gentleman's regret if it is found to be necessary to curtail service over the lines to which he has referred. I should like, first of all, to point out that this is a decision of the management of the railway, not of the Department of Transport; and I think it is guided by the factors of public interest, its responsibilities to the community it serves and also the general consideration of what its effect is on the accounts of the railway company.

Mr. Robinson (Bruce): Did the minister say that it is a decision of the transport commission?

Mr. Marler: No. I said that the decision to reduce such service, if such a decision has been taken, was that of the management of Canadian National Railways. I do not want to appear to be too apologetic for the fact that I do not know every detail of the Canadian National Railways administration, but I should like the hon. member to understand that the reason for my unfamiliarity with the matter is that it is a C.N.R. decision and not one by the Department of Transport.

[Mr. Robinson (Bruce).]

Mr. Robinson (Bruce): I realize that the minister is doing a good job and a big job, and we would not expect him to know all these things. But after the questions that were asked the other day, I would think he might have familiarized himself with what has happened. If I may be allowed to tell the minister what has happened, I shall do so. The C.N.R. has notified the postal department that these trains are going to be cut off. I think it would be wise for the minister to familiarize himself with the situation and look into it, because he is at the helm.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, this item is one that deals with the private railway cars owned by the government. I think it would be interesting to have a little bit of information from the minister at this point. How many cars are there actually in operation at the present time, including the governor general's, those used by the board of transport commissioners and those used by the cabinet ministers? Concurrently with that answer, could the minister give us any comparative mileage travelled by those cars, for instance, this year, the year under examination, in comparison with that in previous years so that we may see what use is being made of them?

Mr. Marler: Mr. Chairman, I must say at once that we do not keep a record of the mileage of the cars. So far as I am concerned myself, in the last 12 months I think altogether I have travelled between 50,000 and 60,000 miles. I do not want to suggest that I have travelled all of that mileage by rail. If I had done so, I would be on the railroad 365 days of the year. However, I have travelled very extensively by rail. All I can say is that I think these cars serve a very useful purpose. I think perhaps hon. members may imagine that when one gets into a railroad car, the first thing one does is to sit down, relax and enjoy the greatest of luxury therein wherever one happens to be going. Unfortunately, it has not been my experience to be able to use for those purposes the official car which is at my disposal. So far as I am concerned, I have found that it was merely a sort of extension of my office. It had the great advantage of privacy. I could read confidential documents and lay out plans. I could accomplish a lot of uninterrupted reading that I can assure hon. gentlemen opposite is very difficult to accomplish in one's office.

At all events, if I could reply more directly to the hon. gentleman's question, this vote includes five cars, two of which are at the disposal of His Excellency; one for the Prime Minister; one for the Minister of Transport

and one for general use. There has been no change in the situation while I have been minister. I think that the number has remained the same for some considerable time. I should like to add one further word of explanation in connection with the cars and that is that the railway companies move these cars without any charge whatever to the government so that it is not a matter of paying a substantial sum each time a cabinet minister uses an official car to go from one point to another.

Mr. Hamilton (Notre Dame de Grace): Just to deal very briefly with the minister's observation, I must say that I sympathize with him in so far as the value of being at ease and being able to work while travelling on a railway is concerned. Some of us poor, ordinary commoners who do not have the benefit of private railway cars, find we can operate quite successfully in a bedroom or compartment.

Mr. Sinclair: Oh, oh, bragging.

Mr. Marler: That is not an admission I would care to make.

Mr. Hamilton (Notre Dame de Grace): I am afraid, Mr. Chairman, that is the level to which the government will sink in order to find something to misinterpret in one's remarks. I find I was not operating at a very high level.

Mr. Marler: It shows the directions of the hon. gentleman's thoughts, anyway.

Mr. Hamilton (Notre Dame de Grace): I do not know of what value it is to have a private dining room or how much assistance that is in the minister's reading. I do not know how much the chef assists him in his work or the car steward. I would point out to him that there are many businessmen across this country who do manage to do business quite successfully in the usual type of accommodation which is provided by the railways.

Mr. Sinclair: The heads of railways who are in the transport business have private cars.

Mr. Hamilton (Notre Dame de Grace): I think the president of the Canadian National and the president of the Canadian Pacific do have their own private railway car.

Mr. Sinclair: And each vice-president.

Mr. Hamilton (Notre Dame de Grace): Certainly, I would be quite happy to see the Prime Minister have a car on occasion but I am not aware that each director of the C.P.R. has a car.

Mr. Sinclair: Each vice-president and every divisional superintendent across the country has cars.

Mr. Hamilton (Notre Dame de Grace): I am not arguing with that. If we extend that argument indefinitely, we are going to find the government arguing that a deputy minister should have a private railway car. The point I am making—

Mr. Dickey: The point you are making is pure jealousy.

Mr. Sinclair: He wants a bigger field of operation.

Mr. Hamilton (Notre Dame de Grace): The point I am making is this. In the past several years the trend in business has been away from the rails to the air. In line with that trend, and I cannot argue against it, the government has seen fit to provide itself with air transport under the direction of the Department of Transport. I might at some point have occasion to examine whether all those planes now operated by the department are necessary. At this point I do say that I question the value of their having those planes and, having added that large expenditure in that field, not seen fit in any respect to contract these other expenditures. I understand the minister stated a few minutes ago that we are still operating the same number of private cars as we have for a great many years in the past. I suggest that is a typical example of piling one expenditure on top of another without proper attention to the elimination of some of these expenditures as they become unnecessary.

Now, some of the uses of these cars are most interesting. A few weeks ago I drew the attention of the house to a trip which the minister had made to Montreal to address a political meeting.

Mr. Marler: I should like the hon. gentleman, if he is going to talk about that, to confine himself to the facts as they were set forth in the house. The hon. gentleman knows full well, and I told the house at the time, that I went to Montreal not for the primary purpose of attending a political meeting but for the purpose of doing business for my department. It is true, and I admitted at the time, that I had spoken at a political meeting during my visit there.

I think the hon. gentleman, if he ever comes to be minister—

Mr. Sinclair: God forbid.

Mr. Marler: —will find it exceedingly difficult to find what part of him is personal and what part of him is minister. All I can tell the hon. gentleman is that since I have been

minister a very small part of me seems to be personal. When I go to Montreal I have very little opportunity of attending to personal matters, and even less time to attend to political matters. I do not want to interrupt the hon. gentleman but I should like him to stick to the facts and not to say that I went to Montreal to address a political meeting. Let him tell the whole story.

Mr. Hamilton (Notre Dame de Grace): I think in fairness to myself that *Hansard* will show that I was interrupted in the middle of a sentence. It is quite true the minister went to Montreal to address a political meeting and he went by his private car. When he was queried on that, he pointed out he had also done government business at the same time. Those are the facts which the minister has just set before us, and those are the facts which, had he not interrupted me, I would have mentioned.

Mr. Crestohl: But you put the cart before the horse.

An hon. Member: He gave you a lift to the station, and that was the main mistake.

Mr. Hamilton (Notre Dame de Grace): If we are going to get through these estimates I suggest the members on the government benches confine themselves to intelligent remarks.

Having made a reference to that, I go ahead and point out one other trip which was made during the month of April which I think is indicative of an improper use or, if not improper, at least more use than is necessary being made of these cars. We find that on April 28 two of these cars left Ottawa and went to Quebec. I can well understand, Mr. Chairman—I should say I can understand, but not very well— that when the minister's argument is applied he may have wanted to work on his way to Quebec. But why run two cars down, one because the Minister of Transport wanted to go and the other because the Minister of Northern Affairs wanted to go.

The other question which arises in my mind is this. This was a Saturday and I am wondering what important government business was taking place on Saturday or Saturday night in Quebec city that required the presence of both the Minister of Transport and the Minister of Northern Affairs. I do not know. I do know that Saturday night, April 28, there was a great Liberal rally as the provincial Liberal party of Quebec kicked off their campaign. I do know that both the Minister of Transport and the Minister of Northern Affairs were prominently displayed at that rally. If they want to go down to Quebec and get their brains kicked out in a provincial election, as subsequently happened, that is their business. But I suggest they should not be using government transportation, government private cars, for that particular purpose. I just point out that of course there is no doubt as to when they returned. The car of the Minister of Transport came back on April 28 and that of the Minister of Northern Affairs on April 29, which would indicate to me that they left Ottawa on the Saturday and returned either late Saturday night or Sunday and this rather limits the amount of government business they could have accomplished.

It is within this framework that I rise to ask the Minister of Transport to give every consideration to reducing his expenditures in this field of ultimate luxury. I wonder if any of the ministers of the crown has even bothered to find out what sort of alternative transportation is available on the trains? Let them try once or twice, as some of us do, the very fine accommodation which is available on the ordinary trains including drawing rooms, bedrooms and compartments where they can be by themselves and do their work and by which means the taxpayers of this country will be saved a fairly substantial amount of money.

I hope that the minister will explain to us what necessity there was for these two private cars to go to Quebec on a Saturday and come back on a Sunday and perhaps he would indicate whether or not there was any connection between that trip and their attendance at the opening of the political rally of their party in Quebec.

The Deputy Chairman: Shall the item carry?

Mr. Marler: Mr. Chairman, I am sorry; but I realize it would be very easy for me to allow this item to carry and leave unanswered on the record the remarks which my hon. friend has just made. Last year his interests turned very largely on the use of government aircraft for the transport of ministers of the crown. After having shown this extraordinary interest last year in the use of government aircraft for the transport of ministers of the crown the hon. member believes it is quite in order to use such aircraft for the transport of ministers of the crown but that it does not appear to be in order to use official cars for that purpose.

I think the hon. member would really like to have the best of both worlds. He wants to criticize members of the government when they travel by air and he likewise likes to criticize them when they travel in these railway cars.

All I can say, Mr. Chairman, so far as I am concerned, is that in using one of these official cars I am following the tradition and the practice that has been followed by a large number of my predecessors. I would like to be able to travel just as my hon. friend does and not be bothered with other people but unfortunately that is not possible. I found that when I was a member of the legislature of Quebec I was lucky if I got past the first page of a newspaper when travelling because everybody who had a bill in the legislature thought I should know what it contained. All I can tell the hon. gentleman is that the situation is no different although I have changed the scene of my activities.

The hon. member appears to find fault with the fact that these cars are available for use by ministers of the crown. He does not seem to be aware of the fact that private cars or business cars, as one might call them, are available not only to the presidents and vice-presidents but are available also to divisional superintendents of both railways. I have not heard him criticize that fact at any time, from which I must infer that he considers it is all right for a divisional superintendent to have a private car but it is not proper for a minister of the crown to use such a car to carry on government business. Well, Mr. Chairman, I cannot subscribe to that idea because I do not think it conforms to common sense or the realities of the situation.

The hon. gentleman has shown the greatest of interest in my movements. A few moments ago we heard his comments about a trip I made to Montreal. If one will look at *Hansard* one will find that when I told him what was the purpose of my business in Montreal he went on to ask how it came about that on the same day I did this I actually had a vote in the house. Frankly, Mr. Chairman, I have been accustomed in the face of the most bitter political opponents to having what I said as a fact accepted and not questioned to find out whether or not what I had said was true. Not only did the hon. gentleman question in the house the comment I made but he took the trouble to telephone my personal staff to find out about my movements.

Mr. Hosking: Sneak.

Mr. Marler: I am of the opinion that this is carrying curiosity to a point which exceeds ordinary limits.

Mr. Dickey: You are a little snooper.

Mr. Marler: The hon. gentleman is interested in the fact that there were two cars used on this occasion. My recollection of the situation is that my colleague, the Minister of Northern Affairs and National Resources, went on an early morning train which was impossible for me to do because, unfortunately, I had to give up my Saturday morning to deal with C.N.R. business in Montreal, which I may remind the hon. gentleman is not my home, and I can assure him I prefer to spend my Saturdays at home. I was not able to do so. I spent the morning in Montreal and went to Quebec by the afternoon train. I came home on the evening train and returned in time to spend half of the weekend with my family; but, Mr. Chairman, I make no apology for that because I think that is part of my job. I feel that having a car at my disposal enables me to accomplish more work than I would otherwise accomplish.

The hon. member, I think, will readily realize how difficult it would be to travel with documents spread out on adjoining chairs and I am sure he also appreciates how undesirable it would be to spread documents beside other passengers in the train where they could be read.

Mr. Howe (Wellington-Huron): Mr. Chairman, I would like to make a few remarks further to what the hon. member for Bruce has said about the curtailment of the railroad service up through the peninsula and the counties of Wellington, Huron and Grey.

About three years ago an application was made by the railway to the board of transport commissioners to curtail the service through that part of the country. Representations were made by all the surrounding municipalities and no curtailment was made at that time.

The present situation is this. We hear rumours of curtailment. Today the hon. member for Bruce, the hon. member for Huron and I went over to the board of transport commissioners and talked to them. They said they had no word concerning any curtailment that was going to take place and they had not been advised concerning any lessening of the service on that branch line. We then went over to the postal department and learned that this department had been informed that on September 30 the time card is going to be changed and the service will be curtailed by the railroads on that line.

We are now wondering exactly what is going on. After all, if that service is going to be curtailed the people who will be affected by it should know the facts. Is this a case of slipping something in by the back door? The part of Ontario to which I have referred is going to be developed. If transportation facilities are curtailed the people there will not have the benefit of the rail lines and they will lose the advantage of the new industries that may very well be attracted to

locate there. I feel something is going on here that the people of the district should know about.

They have not been told if the rail service is to be curtailed. We understand that the railroads may curtail service to a certain extent without letting the people know about it, but this service concerns a lot of people. They helped to build up the business on this branch line and maintain it through the year. If we are going to have main lines we must have feeder lines. I sometimes think if the railroads would take some of these teams that go around the country to try to find ways of bringing about economies and sent them up through these districts to find ways of promoting railroad traffic everything would be much better.

Mr. Hosking: I spoke on this item four years ago along with the former hon. member for Bruce, Donald Blue; the former hon. member for Perth, James Corry; and the former hon. member for Wellington North, Arnold Darroch. We approached the minister on this same issue and after our representations and private presentations these lines were not closed up. I think it should appear on the record that members from this district four years ago prevented this line from being closed.

Mr. Green: Surely the suggestion is not that these decisions are being made on a political basis?

The Deputy Chairman: The item before us deals with official railroad cars and I think it is up to me at this moment to point out to the committee that we are dealing with estimates of the Department of Transport not of the Canadian National Railways. I looked through the items to see if I could help hon. members by finding one under which such matters could be discussed and that item would appear to be No. 494 dealing with the board of transport commissioners. I may be wrong in assuming that the curtailment of services is something which might be referred to the transport commissioners. I must insist that the matter of curtailment of services be deferred until item 494.

Item agreed to.

Hudson Bay railway—

452. To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1957, not exceeding, $150,000.

Mr. Dinsdale: I am glad to see that the deficit in regard to the operation of the Hudson Bay railway is moving in the right direction as this item indicates there is a decrease of $275,000 over the previous year. I do not have to emphasize the importance

[Mr. Howe (Wellington-Huron).]

of this seaport in the heart of this continent to the provinces of Manitoba, Saskatchewan, Alberta and British Columbia and the Northwest Territories. One of the great handicaps to the development of this particular region is the discriminatory differential in freight rates and my reason for making any observations on this item is to stress once again the importance and significance of the operation of the railroad and the seaport to our prairie economy. I understand that the saving on grain moving through Churchill amounts to 15 to 25 cents per bushel. I should like the minister to comment upon the reason for this decrease in the deficit. I assume it is because of the increased tonnage moving out of the port since the grain elevator facilities were extended.

The minister will recall that last year I made a recommendation concerning tourist excursions and the minister was kind enough to supply me with detailed information of these excursions operated by the C.N.R. I am glad to note that two excursions are now being run in place of one, but I suggest that there is still a wide demand for this particular type of holiday if the services and facilities are made available. There is a large waiting list, particularly of Americans, who are anxious to make this trip to the bay.

I could quote figures on this situation, but I shall not take the time of the committee to do so. It is important to the continued success of the operation of the railroad that we stimulate as far as possible a two-way flow of trade. The outward flow has been increasing at a quite rapid rate since the end of the war. For example, in 1946 there were 3 million bushels of wheat moved through the port while last year there were over 13 million bushels. That is an excellent increase but there is difficulty in connection with the inflow of imports from Europe. While this does not come directly under the jurisdiction of the minister I hope he will use his influence to have our trade commissioners point out the advantages of supplying the midwestern Canadian market through this port.

Mr. Marler: The reason for the reduced deficit is the satisfactory improvement in the amount of tonnage carried on the railroad. In 1955-56 the revenue tonnage amounted to 578,000 tons as opposed to 458,000 tons in the preceding year. As the hon. gentleman has pointed out, the great difficulty is that the volume of import freight is very small. Of those figures I have just given approximately 2,000 tons in round figures of import freight were handled in each of those two years. As the hon. members will appreciate, that is a very small fraction of the whole.

It is the consumers in western Canada who will have to create a demand for shipments into Churchill rather than shipments out of that port. The hon. gentleman comes from that part of the world and perhaps he can do some missionary work which would help to bridge the distance between 2,000 tons and 578,000 tons.

Mr. Bryce: Last year when the minister's estimates on the Hudson Bay railway were up I asked if a survey had been made of the territory north of Gypsumville. At that time perhaps I was to blame for misleading the minister a little by referring to Hodgson instead of Gypsumville. This time I intend to be more specific and make sure that I do not mislead the minister in any way.

On May 17, 1948 I first raised the question of a cut-off through the interlake country to the Hudson Bay railway and at that time the Honourable Mr. Chevrier said he would bring the matter before the officers of Canadian National Railways. I know discussions have taken place as to the advisability of the railroad being extended 190 miles north to Wekusko, which is at mile 81 on the Hudson Bay railway. In that 190 miles of proposed railroad there is only one bridge that would really cost money, and that would be at Grand Rapids. In 1948 it was estimated at $1 million, but at today's prices it would cost more.

Mr. Marler: What do you mean by $1 million?

Mr. Bryce: The bridge would cost that. In passing may I say that Grand Rapids is a prospective power site with a drop of some 80 feet there.

In building this 190 miles extension from Gypsumville to Wekusko there would be a saving of 250 miles, as we ship our grain at the present time to Port Churchill.

In 1948 when I talked to the then minister of transport about it I pointed out that it would be an advantage to defence by having a quicker route to Port Churchill. Also there would be a great saving to farmers and shippers sending their produce to Port Churchill. There is a lot of timber in that country and a lot of agricultural land and with a railroad going through it, it could be developed.

With a shorter haul to Port Churchill many benefits could come from that. I have already mentioned national defence—it is a more direct and quicker way to the large military establishment in the north.

If cattle prices should change and we again ship cattle to Britain instead of the United States, then it would mean a lot to the livestock getting to the port as quickly as possible. It has been estimated that the livestock would be 18 to 20 hours less on the road, which would be a big benefit. Shipping by refrigerator cars would be a saving too, because they would not need to be iced as often as going the roundabout way.

Business from Winnipeg would be increased, and it would be possible that the boats would not come in empty but would come loaded with goods and have the grain for the return trip.

While we have ice conditions to contend with and the port is only open 100 days of the year, I feel that in the near future that 100 days is going to be extended to a longer season through the invention of radar and different aids to shipping that they never had in the old days.

This short cut would benefit Manitoba in general—it would open up new country along the railroad and it would also provide work and wages while the line was being built.

One could speak 40 minutes on this proposed route, going into the details and savings that could be achieved, but I want to leave it at that and ask that the minister give some consideration to it, and he can tell the house later whether it would appeal to him or not. When the minister brought in his estimates in March, I had a 40-minute speech ready, and the delays in his estimates have saved him from that. I have condensed it a little further every time his estimates have come up, and now he is only getting the cream of it.

Mr. Marler: I admire the hon. gentleman's forbearance.

Mr. Bryce: Perhaps if I lived in the east I would look at this in a different light, but being a Manitoban I want to see the benefits of this extension come to Manitoba. But I know from my dealings with the minister in the past that he will look at this from a Canadian point of view.

I am sending over a map of Manitoba to show the minister where the route would go and how it would save haulage miles. I would at this time appeal to the minister to have the officers of his department give some consideration to building this short cut to Churchill.

Mr. Marler: I would just like to tell the hon. member that the matter was considered in 1952. At that time the cost was found to be very substantial, with an annual loss in prospect of very close to $1 million. I do not know what the situation would be in 1956 but I shall be very glad to draw the

hon. gentleman's remarks to the attention of the Canadian National Railways and see what their reaction is.

Mr. Dinsdale: The minister suggested that we might do some missionary work on behalf of the port situation at Fort Churchill. There is an excellent book that has been published by the Hudson Bay Route Association, and I am going to take the liberty of sending him a copy. He can read it on one of those railway journeys we were talking about a few moments ago.

Mr. Marler: It just shows that there is never a dull moment.

Item agreed to.

Mr. Green: I wonder whether items 459 to 462 inclusive could be allowed to stand?

Mr. Marler: That will be quite agreeable to me.

The Deputy Chairman: Is it agreed that items 459, 460, 461 and 462 stand?

Some hon. Members: Agreed.

464. To provide towards the cost of surveys of Newfoundland railway properties entrusted to the Canadian National Railway Company, $17,500.

Mr. Green: This is the item to provide for the cost of surveys of Newfoundland Railway properties, $17,500. Can the minister give us a report on the progress that is being made on these surveys and the possibilities of a program being undertaken eventually to change the Newfoundland Railway to a standard gauge railway?

Mr. Marler: In respect to the first part of the hon. gentleman's question, the item of $17,500 is intended to cover the expenditures which the railway must incur in order to establish the lines of various properties which are under its control in Newfoundland, physical surveys in order to determine boundary lines.

With regard to the question of conversion from narrow gauge to standard gauge, I talked to Mr. Gordon about the matter casually, but the cost always appeared to be staggering.

Mr. Green: What is it?

Mr. Marler: I think it is somewhere in the neighbourhood of $50 million. My deputy minister points out that he thinks the current estimate is more than that. I think I should tell the hon. gentleman that it is a very substantial sum, and I think it is unlikely from the viewpoint of economics that it would be considered feasible at this time. The railway has spent a great deal of money on new equipment for the narrow gauge, and that, of course, would be completely wasted. That is a fact that will have to be taken into account. I assume that the question must have been considered after the union of Newfoundland with Canada because I do not believe these very large expenditures would have been made if it had been considered economic to make the change that the hon. member mentioned.

Item agreed to.

465. Degaussing and strengthening for armament, sea-going merchant ships of Canadian registry of 1,000 gross tons and over, $300,000.

Mr. Green: I believe that this item covers coastal vessels. Could the minister tell us whether that program is nearing completion and how long it will take to finish it?

Mr. Marler: I do not think there is any prospect of this item disappearing. The expenditures last year were estimated to be $290,000. The later figure at the close of the year is $191,503. This expenditure for degaussing and strengthening is applicable to new ships and as new ships are being built the money is being spent. Perhaps we will find there are some ships being built after all.

Item agreed to.

466. Maritime Freight Rates Act—for the payment to the railway companies operating in the select territory designated by the act, during the fiscal year 1956-57, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1956 (chap. 174, R.S.), $11,500,000.

Mr. Bell: This item with respect to the Maritime Freight Rates Act involves an amount of $11,500,000, and I feel that I should remark briefly on it. A great deal has been said in recent days with respect to freight rate problems in Canada. We had a discussion in the house recently of the various problems that are now coming to the fore with regard to transportation in this large country of ours. Suggestions have been made that a regulatory body would be the answer to our freight rate difficulties. Others have suggested that a new national transportation policy is necessary. I remember reading last year that Mr. Donald Gordon, the president of Canadian National Railways, had suggested in an address in New York city that a complete new look was needed with respect to our freight rate structure in Canada. At present we have the problem of the board of transport commissioners now considering a permanent increase after granting an interim

increase a few months ago. Rather than try to talk in a rambling way about the problems facing the maritimes with respect to their position in the freight rate structure I should like to read part of an editorial from the Fredericton *Daily Gleaner* of Wednesday, August 8, which just arrived today. I think two paragraphs will be enough to explain the problem that we now have down in the maritimes. The editorial reads as follows:

As far as the Atlantic area is concerned, the freight rate structure is badly out of joint. These four provinces, at the end of the rail lines are wholly dependent on the railways both for buying and marketing products. We require many goods from central Canada, and due to the dense population and heavy purchasing power of Quebec and Ontario, these provinces are our best market outlets.

But the cost of taking our goods to central Canada is almost prohibitive. A series of freight rate increases has hit at the long-haul shipper unfairly. These are horizontal increases, applied by a uniform percentage.

I would ask that the next sentences be noted particularly because they explain our difficulty very clearly.

If a long-haul shipper who pays $20 and a short-haul shipper who pays $10 both have their freight rates increased by, say 50 per cent, the $20-shipper now pays $30 and the $10-shipper $15. The difference between what they pay is now $15 instead of $10.

This merely illustrates the increasing disparity with which the maritimes have found themselves faced as a result of the increases that have taken place since we came under the statutory provisions of the Maritime Freight Rates Act of 1927. A few days ago the Atlantic premiers met in Fredericton to consider their difficulties. The conference has been referred to here in the house. They examined their problems and tried to get united action with respect to some of the difficulties they saw in our future, and the No. 1 problem was freight rates. They put it in that priority for the future.

The maritime transportation commission has also said it is our No. 1 problem. At this late hour this evening I simply want to say that when the board of transport commissioners is considering these increases they must give more attention to our problems than to those of any other area in Canada. Our problems with respect to freight rates go to the root of our difficulties, economic, geographic and financial, and I seriously suggest that the time has now come when we have to review these provisions that were a help to us and afforded us some consideration many years ago. We have now been put in a very serious competitive position with the central Canadian market on which we in the Atlantic provinces are now so dependent in so many ways.

Item agreed to.

The Chairman: Item 468.

Mr. Green: I notice it is past ten o'clock.

Mr. Harris: Before we call it past ten o'clock, may I say that I quite understand the desire of the hon. member to stand certain items. I think that would be desirable and necessary under the circumstances but there must be a lot of others that could be carried without debate if we ran through them. Those that they want to stand until tomorrow can be allowed to stand.

Mr. Green: I think we will get ahead just as fast if we stop now.

The Deputy Chairman: For my own satisfaction, item 467 is carried and item 468 is called.

Progress reported.

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

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take the second readings of the tax agreement bills which are in my name but which will be taken by the Minister of National Revenue because it is he who is particularly concerned with them. I should have pointed that out the other evening when I moved first reading. We shall then take the estimates of transport, labour, legislation and justice.

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

ANSWERS TO QUESTIONS

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

FEDERAL SUBSIDIES, GRANTS AND PAYMENTS TO PROVINCES

Question No. 548—**Mr. Michener:**

1. In the last fiscal year, what percentage of each province's total revenues was represented by the subsidies, grants and payments made by Canada to the province?
2. What were the respective revenues and payments?

Answer by: **Hon. W. E. Harris (Minister of Finance):**

PROVINCIAL GROSS REVENUES AND FEDERAL SUBSIDIES, GRANTS AND PAYMENTS, FISCAL YEAR 1953-54

($'000)

—	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1. Gross general revenue	36,822	8,707	56,243	57,035	333,429	408,011	68,907	109,267	199,730	202,428	1,480,579
Federal subsidies, grants and payments—											
(a) Tax rental payments	11,825	3,631	19,497	16,178	.....	134,448	25,039	25,254	29,803	43,516	309,191
(b) Share of income tax on power utilities	161	30	279	283	2,120	1,097	569	43	1,396	853	6,831
(c) Statutory subsidies	6,369	657	2,057	1,679	3,300	3,641	1,755	2,041	2,127	1,281	24,907
Subtotal (a)–(c)	18,355	4,318	21,837	18,140	5,420	139,186	27,363	27,338	33,326	45,650	340,929
Grants in aid and shared cost contribution											
(d) Highways, roads and bridges	977	112	.....	1,034	.....	2,691	1,501	1,978	3,936	3,505	15,734
(e) Health and social welfare	1,950	337	2,718	3,014	17,554	12,832	3,133	3,359	3,430	4,716	53,043
(f) Education	81	52	324	210	973	1,517	263	221	380	282	4,303
(g) Natural resources and primary industries	3	43	92	784	657	576	152	106	218	1,085	3,716
(h) Civil defence	6	.....	4	.....	.....	.....	25	28	85	117	265
(i) Other	.....	.....	.....	5	.....	167	.....	.....	.....	30	202
Subtotal (d)–(i)	3,017	544	3,138	5,047	19,184	17,783	5,074	5,692	8,049	9,735	77,263
2. Total of federal subsidies, grants and payments	21,372	4,862	24,971	23,187	24,604	156,969	32,437	33,030	41,375	55,385	418,192
3. Percentage 2 of 1	58·0	55·8	44·4	40·7	7·4	38·5	47·1	30·2	20·8	27·4	28·2

NOTE:

Provincial revenues have been adjusted to include all federal payments listed.
Their customary procedure is to include direct payments such as tax rentals, subsidies and shared taxes, as revenue but to offset against expenditure moneys received from grants in aid and shared cost contributions.

Provincial detail for 1954-55 will not be available before about August 15, 1956.

Source: Financial statistics of provincial governments 1953—revenue and expenditure D.B.S.

Questions

IMMIGRATION—ENTRY OF CHINESE DEPENDENTS

Question No. 569—**Mr. Winch:**

1. How many dependents over 21 years of age of Chinese Canadians have been admitted to Canada since 1950?

2. How many such dependents have been admitted to Canada after reaching their 25th birthday?

3. How many orders in council in connection with such admissions were issued after such dependents had passed their 25th birthday?

4. Since 1950, have any regulations been passed under the Immigration Act with respect to the entry into Canada of dependents over 21 years of age, and if so, what is the policy governing the admission of such dependents?

5. Does the Department of Citizenship and Immigration still accept applications for dependents over 21 years of age?

Answer by: **Hon. J. W. Pickersgill (Minister of Citizenship and Immigration):**

1. Statistics not available. However, from December 31, 1950, to June 30, 1956, 88 orders in council were passed providing for the admission of 3,126 dependents 21 years of age and over, of Chinese Canadians.

2. Statistics not available. However, from December 31, 1950, to June 30, 1956, 78 orders in council were passed providing for the admission of 375 dependents 25 years of age and over, of Chinese Canadians.

3. See answer to No. 2.

4. No, assuming that this question refers to dependents of Canadian citizens of Chinese origin from the continent of Asia. However, order in council P.C. 1956-785 of May 24, 1956, authorized the admission of certain dependents and others of Chinese origin under section 20 of the amended immigration regulations, depending on citizenship and country of residence.

5. Not for residents of China or other parts of Asia.

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

DEPARTMENT OF TRADE AND COMMERCE

General administration—

415. Departmental administration, $628,021.

416. Commodities services, including fees as detailed in the estimates, the expenditure for these not to exceed the amounts shown unless otherwise approved by treasury board, $699,490.

Trade commissioner service—

417. Administration and operation, $2,832,458.

418. Acquisition or improvement of buildings, land, equipment and furnishings, $150,000.

419. Trade information, $287,908.

420. Economics branch, $240,315.

421. International trade relations branch, including a fee of $6,300 to the international customs tariffs bureau, $145,900.

Exhibitions—

422. Exhibitions generally, $535,888.

423. Canadian participation in the Brussels universal and international exhibition 1958, $750,000.

Standards branch—

424. Administration, including the standards laboratory and administration of the Precious Metals Marking Act, $220,829.

425. Electricity and gas inspection services, $782,515.

426. Weights and measures inspection services, $841,276.

Dominion bureau of statistics—

427. Administration, $177,729.

428. Statistics, including contributions as detailed in the estimates, the expenditure for these not to exceed the amounts shown unless otherwise approved by treasury board, $5,529,351.

429. Census, including a contribution as detailed in the estimates, the expenditure for which not to exceed the amount shown unless otherwise approved by treasury board, $4,710,429.

Board of grain commissioners (Canada Grain Act)—

430. Administration, $149,780.

431. Inspection and weighing of grain, and related services, $3,621,974.

Canadian government elevators—

432. Operation and maintenance, $1,271,806.

433. Construction or acquisition of buildings, works, land and equipment, $400,750.

Special—

434. International economic and technical co-operation branch, including the administration of the Colombo plan and of certain United Nations co-operation plans, $190,116.

Exhibitions—

705. Canadian participation in the Brussels Universal and International Exhibition 1958—further amount required to authorize payment, notwithstanding the Civil Service Act, of an honorarium to Mr. J. J. Olson, $1.

Atomic energy control board—

49. Administration expenses of the atomic energy control board, $41,160.

50. Grants for researches and investigations with respect to atomic energy, $300,000.

Atomic Energy of Canada Limited (research program)—

51. Current operation and maintenance, including expendable research equipment, $13,743,370.

52. Construction or acquisition of buildings, works, land and equipment and to authorize Central Mortgage and Housing Corporation to undertake construction of works at Deep River for Atomic Energy of Canada Limited, $8,713,685.

Loans, investments and advances—

Atomic Energy of Canada Limited—

524. to provide for advances to Atomic Energy of Canada Limited in such amounts and on such terms and conditions (including the delivery to Her Majesty, in satisfaction of the advances, of obligations or shares of the company) as the governor in council may approve, to finance the construction of a new reactor (NRU) and auxiliary buildings at Chalk River project, works to provide services in connection therewith, to construct or acquire buildings and equipment for the commercial products division in Ottawa and other locations, and housing and other works to be constructed at Deep River and to authorize Central Mortgage and Housing Corporation to undertake construction of the said housing and other works at Deep River for Atomic Energy of Canada Limited, $9,479,464.

525. To provide for working capital advances to Atomic Energy of Canada Limited, subject to such terms and conditions as the governor in council may approve, $3,880,000.

Atomic Energy of Canada Limited (research program)—

603. Current operation and maintenance, including expendable research equipment—further amount required, $200,000.

604. Construction or acquisition of buildings, works, land and equipment and to authorize Central Mortgage and Housing Corporation to undertake construction of works at Deep River for Atomic Energy of Canada Limited—further amount required, $502,600.

National research council—

282. Salaries and other expenses, $15,470,139.

283. Construction or acquisition of buildings, works, land and equipment, $2,817,890.

284. To authorize the establishment in the consolidated revenue fund of a special account to be known as the Sir Frederick Banting fund account, to which shall be credited the balance of the amount remaining in the Sir Frederick Banting fund (comprised of private donations and originally established by order in council P.C. 4260 of the 27th day of August, 1940) as at the 31st day of March, 1956 (estimated at $954,550) and to authorize payment out of the account during the current and subsequent fiscal years for or in respect of projects relating to the advancement of the natural sciences that are recommended by the president of the national research council and approved in accordance with regulations of the governor in council; and to approve the expenditures made from the Sir Frederick Banting fund subsequent to the fiscal year that ended on the 31st day of March, 1945, and prior to the current fiscal year amounting in the aggregate to $101,700, $1.

PRIVY COUNCIL

Privy council office—

328. General administration, $405,184.

Prime minister's residence—

329. Maintenance and operation, $25,000.

Federal district commission—

330. To provide a supplement to the sum of $300,000 granted by chap. 112, R.S., for construction, improvements and operation of the parks, parkway system and other works under the control of the federal district commission, $142,071.

331. To authorize the federal district commission to expend for construction, improvements and operation of works under its control, revenues accrued or accruing to the commission from the rental of properties under its control and from other sources, $1.

332. To provide for maintenance and improvement of grounds adjoining government buildings at Ottawa, and for expenses of the national capital planning committee, $531,728.

333. To authorize payment of the ninth instalment to a special account in the consolidated revenue fund, known as the national capital fund, established under vote 809, Appropriation Act No. 4, 1947-48, $2,500,000.

163. Office of the secretary to the governor general, $183,480.

164. To authorize and provide for the reimbursement to the lieutenant-governors of the provinces of Canada of the costs of travelling and hospitality incurred in the exercise of their duties up to a maximum per annum for each as follows: (a) where the population of the province at the last decennial census did not exceed 500,000, $5,000; where the population of the province at the last decennial census exceeded 500,000, $5,000 plus $1,000 per each 100,000 or fraction of 100,000 of population over 500,000, but not exceeding $12,000 in any case, $86,000.

DEPARTMENT OF TRANSPORT

Marine services—

440. Marine services administration, including agencies, $670,240.

Marine service steamers—

441. Administration, operation and maintenance, $7,393,793.

442. Construction or acquisition of vessels and equipment, $5,309,500.

Aids to navigation—

443. Administration, operation and maintenance, $4,948,613.

444. Construction or acquisition of buildings, works, land and equipment, $1,816,560.

445. Nautical services—administration, operation and maintenance, including grants and contributions as detailed in the estimates; rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act, $542,330.

446. Pilotage service—administration, operation and maintenance, including authority for temporary recoverable advances not exceeding $20,000, $626,736.

447. Steamship inspection service, including the carrying out of the provisions of the conventions for the safety of life at sea and load lines, and contributions as detailed in the estimates, $739,710.

448. Marine reporting service, $133,235.

River St. Lawrence ship channel service—

449. Administration, operation and maintenance, $953,254.

450. Contract dredging, including acquisition of land for ship channel improvement, $3,544,200.

Railway and steamship services—

451. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $56,240.

Hudson Bay railway—

452. To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1957, not exceeding, $150,000.

453. Construction or acquisition of buildings, works, land and equipment, $382,000.

454. Prince Edward Island car ferry and terminals—to provide for the payment during the fiscal year 1956-57 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1956, $1,501,000.

455. Reconditioning and refit of ferry vessel *Scotia II* for the Prince Edward Island car ferry service, $50,000.

Strait of Canso—

456. Transportation improvements and facilities, $1,012,500.

457. Causeway maintenance, $10,000.

458. Enlargement of dock and terminal facilities at North Sydney, Nova Scotia, $261,300.

463. Construction or acquisition of vessels for Newfoundland coastal services, $793,750.

Supply—Items Passed

464. To provide towards the cost of surveys of Newfoundland railway properties entrusted to the Canadian National Railway Company, $17,500.

465. Degaussing and strengthening for armament, sea-going merchant ships of Canadian registry of 1,000 gross tons and over, $300,000.

466. Maritime Freight Rates Act—for the payment to the railway companies operating in the select territory designated by the act, during the fiscal year 1956-57, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1956 (chap. 174, R.S.), $11,500,000.

467. Canadian National (West Indies) Steamships, Limited—to provide for the payment from time to time to the Canadian National (West Indies) Steamships, Limited (hereinafter called the company) of the amount of the deficit occurring during the year ending December 31, 1956, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company, and upon applications made by the company to the Minister of Finance and approved by the Minister of Transport, not exceeding, $200,000.

HOUSE OF COMMONS

Friday, August 10, 1956

The house met at eleven o'clock.

FINANCE

BANK OF CANADA—PURPOSE OF INCREASE IN INTEREST RATE

On the orders of the day:

Hon. W. Earl Rowe (Acting Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance this question. In view of the announcement last night by the Bank of Canada that its interest rate has been raised to the unprecedented high level of 3¼ per cent, will the minister advise the house what is the purpose behind this new move on the part of the Bank of Canada?

Hon. W. E. Harris (Minister of Finance): The minister of Finance was expecting to have his estimates called tomorrow, and I shall be glad to discuss this point at that time.

Mr. Rowe: I think this is a very important matter and I should like to ask the minister, in view of the fact that this is the fifth time in 12 months that the interest rate has been raised by the Bank of Canada, from 1½ per cent to 3¼ per cent, or almost a 125 per cent increase, whether the minister does not consider that such spectacular increases, coupled with other credit restrictions imposed upon the chartered banks now as directed by the Bank of Canada, may have a very dangerous and unsettling effect on the business and general economy of the country.

Mr. Harris: The duty of the Bank of Canada is to regulate the interest rate, which is commonly known as the bank rate. That duty and responsibility is imposed upon the bank and not upon the government, and it has not been customary in the past for any Minister of Finance to comment on the actions of the bank in discharging its duty. As a matter of fact, however, without admitting some of the opinions or facts that have been stated in the question, I may say that there is a considerable body of opinion in the financial world today that unless action of this kind were taken there might be more serious results than if no action were taken.

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a supplementary question to the Minister of Finance, in connection with actions such as this on the part of the Bank of Canada which, in regard to house building and the like, may have a very detrimental effect, and also in connection with the fact that it raises the costs of production at a time when we are endeavouring to compete in other parts of the world. Is the government or any member of the government consulted by the Bank of Canada before a decision as momentous as this one is made?

Mr. Harris: I answered this question some two months ago by saying that the governor of the Bank of Canada is one of the several advisors to the Minister of Finance. In this particular matter, however, he has statutory authority to make his own decisions, that statutory authority having been conferred upon him by parliament. I think it would be correct to say, as I said on the former occasion, that I was advised of this course before it was taken.

Mr. Diefenbaker: Did the minister in any way suggest, having regard to the inflationary tendencies in this country today, that this action should be taken or might be taken by the bank?

Mr. Harris: Mr. Speaker, I also answered that question two months ago by saying that this action is the action of the governor of the bank and his responsibility alone.

Mr. Rowe: Mr. Speaker, surely that is not a good enough answer. I should like to ask the minister or the government if they approve of this policy or does the Bank of Canada have the business of this country by the throat and can raise the interest rate from 1 per cent to 5 per cent or anything they like? When one stops to realize the importance of it and what it does to contractors, business people and builders across the country I sometimes wonder if the minister really appreciates how significant this is, and I should like to ask the government if they approve of this policy.

Mr. Harris: Mr. Speaker, as I said earlier, I propose to discuss this tomorrow and I will give my own opinion at that time with respect to what I would do if I were governor of the Bank of Canada.

Mr. Rowe: You told me that two months ago.

Mr. Harris: I am still telling you.

Mr. Rowe: And business people are worrying.

Mr. M. J. Coldwell (Rosetown-Biggar): While it is true that the governor of the Bank of Canada makes the final decision in these matters, is it not a fact that the Bank of Canada was established in order that it might control the economy and carry out government policy in that particular? Is it not a fact that was the main reason for its establishment?

Mr. Harris: I do not think that is a correct interpretation of the statute, though anyone can put such an interpretation on it if he so desires. I think the purpose was not only to vest ownership of the bank in the government, as has been done, but to vest in the officials of the bank independent authority because, as I recall it, some members of the opposition thought that perhaps the government might not do this thing properly.

Mr. Rowe: Still most evasive.

Mr. Diefenbaker: Possibly a question to the Prime Minister can clear up this matter. Having regard to the effect not only on business but on agriculture and labour of what has been done by reason of the change in the discount rate, does the Prime Minister, on behalf of the government, believe that what is being done is necessary to meet an inflationary trend?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the Prime Minister, like, I think, most of his colleagues, has a large degree of confidence in the work that is done by the officials of the Bank of Canada and feels that they have discharged their duties in a manner which in their opinion, founded upon their research and investigations, is in the best interests of all classes of the population of Canada to which the hon. gentleman has referred in his question.

Mr. Rowe: Then you approve of it.

Mr. E. D. Fulton (Kamloops): Does the Prime Minister know the reason for the increase in the rate and, if so, does he agree that it is necessary?

Mr. St. Laurent (Quebec East): The Prime Minister is not the governor of the Bank of Canada, and while I hope that if he were perhaps the hon. gentleman would have more confidence in his decision than in the decision of the present staff, I can assure the hon. gentleman that the matter received very serious consideration and the government has not decided to recommend to parliament any amendment to the act which places that responsibility on the governor of the Bank of Canada.

[Mr. Harris.]

Mr. Fulton: I appreciate the Prime Minister's reply but it did not deal in any sense with the question. It was a reply to a question that was not asked. Is the right hon. gentleman willing to answer my question? Do he and the government know the reason for the increase and do they believe it is necessary? Do they agree with it?

Mr. St. Laurent (Quebec East): The government knows the reasons that the governor of the bank had for making that decision. Those reasons were communicated to us and we believe that they are the best judgment of the governor of the bank founded on his research and the information at his disposal.

Mr. Diefenbaker: Will the Prime Minister, having had the reasons from the governor of the Bank of Canada, now give the house the benefit of what those reasons were?

Mr. St. Laurent (Quebec East): No, Mr. Speaker, the Prime Minister will not undertake to have parliament or the members of the opposition act as a court of appeal from the decision made by the governor of the Bank of Canada—

Some hon. Members: Oh, oh.

Mr. St. Laurent (Quebec East): —unless and until parliament amends the act which now governs the Bank of Canada.

Mr. Fulton: Mr. Speaker, one does not want to be unfair, but must we take from the Prime Minister's answer the inference that he believes that parliament is not entitled to be informed of the reasons for the governor's action?

Mr. St. Laurent (Quebec East): The Minister of Finance can discuss those reasons tomorrow on his estimates.

Mr. Fulton: Then we are entitled to have the reasons, are we? If so, will the Prime Minister not give them today?

Mr. Pickersgill: This is degenerating into a debate.

BRIDGES

SHIPPIGAN ISLAND—INQUIRY AS TO GRANTING OF PERMIT

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I should like to direct a question to the Minister of Public Works and in his absence to the acting minister. Can the minister advise the house if a permit has been granted under the Navigable Waters Protection Act to the Lameque-Shippigan Bridge Corporation for the construction of a bridge to link Shippigan island and the mainland?

Hon. James Sinclair (Acting Minister of Public Works): The department approved the application this week and the necessary order in council has been prepared.

CANADIAN-UNITED STATES TAX CONVENTION ACT

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 451, to amend the Canada-United States of America Tax Convention Act, 1943.

He said: Mr. Speaker, the purpose of these amendments in this Bill No. 451 is to clarify and to bring up to date the agreement for the avoidance of double taxation and the prevention of fiscal evasion relating to income tax. One item of importance in the convention reduces from 95 per cent to 51 per cent the percentage of share ownership entitling a United States parent company to a reduced rate of 5 per cent on dividends from its Canadian subsidiaries. The purpose of the amendment is to encourage United States parent corporations to give Canadian investors opportunities to purchase share ownership in their subsidiary companies in Canada.

Another item allows as a tax deduction charitable donations made by residents of one country to a charitable organization created in the other country. This supplementary convention will come into force as an integral part of the 1942 convention as modified by the 1950 convention with respect to taxation years beginning on and after the first day of January of the calendar year in which instruments of ratification of the convention are exchanged between the two governments.

Mr. Speaker, I do not feel that it is necessary to go into any long explanation of this bill. The bill in itself is very short, having but two subdivisions and there is attached to it a schedule which indicates that this convention has been signed on behalf of the government of Canada and the government of the United States. In the schedule the several articles which are modified are outlined. When we come to the schedule I shall be glad to attempt to give an explanation of the changes.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, as the minister has said, this is a very short bill. There are two clauses in the operative portion of it. To it is attached the new convention signed on August 8 with the United States of America.

The new convention itself contains a total of seven amendments to the 1942 Canada-United States tax convention, as amended by the convention of 1950. As to six of these amendments, I suppose it is fair to describe them as relating to matters of detail and administration raising no particular question of principle. But there is one amendment which involves what may properly be regarded as a matter of principle. It relates to the taxation of Canadian corporations which are subsidiaries of United States corporations. The change in the existing convention in this respect aims to encourage them to permit the sale to Canadian investors of the common stock of their Canadian subsidiaries. The principle of the bill, as so understood, is sound. The government's attempt to give effect to it is regrettably belated and hesitant. The purpose is sound, and we support the bill.

I have just a brief word to say on some features of this convention, Mr. Speaker, before concluding with some observations on this matter of investment in Canada through Canadian subsidiaries.

This is now the fifth measure which has come before this parliament in relation to tax conventions with the United States. The first convention of March 4, 1942, had for its purpose the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes. In 1944 came the second convention, along similar lines as applied to succession duties. In this respect, sir, there is an error in the bill, and I just point this out in passing now. The marginal note opposite the preamble refers to the 1944 act as though it had amended the 1942 convention. The reference to the 1944 act is to the one dealing with succession duties and it has nothing whatever to do with the matter now before us. Similarly, the marginal note is in error in referring only to the bill passed at the 1951, second session. The amendment to the convention of 1942 was made by the 1950 act and the 1951 bill which is referred to here was simply the Canadian acceptance of the United States rejection of paragraph 2 of article 7.

Mr. McCann: In my preliminary remarks, I said 1950.

Mr. Fleming: Yes, 1950 is the important amendment to the 1942 convention. There was a further amendment in 1951 but the marginal note makes no reference to the 1950 statute and does refer to the 1944-45 statute, chapter 31, which has really no bearing on the tax convention relating to income taxes. It related purely to succession duties.

Our interest, of course, is in the treatment of Canadian subsidiaries taxwise under this convention. It is, however, reciprocal in its provisions and the amendments that are now

before us for decision also cover the case of Canadian corporations which have subsidiaries in the United States.

It should be remembered that the ordinary rates of tax and all deductions at the source on dividends paid by Canadian corporations to shareholders resident abroad is 15 per cent, with some few exceptions. Article XI of the 1942 convention placed a limit of 5 per cent on the income tax which may be imposed by Canada on dividends paid by Canadian subsidiaries to United States parent corporations.

The 1942 convention contained a definition of subsidiaries and that definition, in effect, provided that a subsidiary was a corporation whose shares, apart from directors' qualifying shares, were wholly owned by an American corporation, with the exception that not more than a quarter of the gross dividends of the subsidiary should be derived from interest and dividends, other than interest and dividends received from its subsidiary corporations. This was the way the convention defined "subsidiary" until 1950, when the amendment of that year was approved by parliament by 1950 statutes, chapter 27, reducing the requirement from 100 per cent ownership of the stock of the Canadian subsidiary corporation to 95 per cent.

That is the provision which we are now asked to change further. The bill eliminates altogether the terms "parent" and "subsidiary". They disappear now entirely from the convention. "Subsidiary" becomes "payor corporation" and "parent" becomes "recipient corporation", that is to say, the recipient of the dividends from the payor corporation; and the percentage of required stock ownership in the Canadian subsidiary by the parent corporation is reduced from 95 per cent to 51 per cent. The provision continues, however, that it must be "at least" 51 per cent.

There is one further qualification. The 51 per cent does not now need to be owned entirely by one United States recipient corporation. Fifty-one per cent may be owned by four corporations, each with at least 10 per cent of voting stock of the payor corporation.

Now, sir, I wish to say just a word by way of putting the effect of this amendment in its true light. Let us see at once, then, that there is no change in the rate of taxation. The change that is brought about by this amending convention is in the percentage of stock in the Canadian subsidiary or payor corporation which must be held by the United States parent in order that the Canadian subsidiary may be subjected to an income tax rate not exceeding 5 per cent; whereas if the percentage of stock ownership by the United States parent falls below 51 per cent, an income tax rate of 15 per cent is then applied on the dividends paid to it by the Canadian subsidiary corporation. Therefore, the United States corporation today which owns 100 per cent of the stock of a Canadian subsidiary is not affected. Likewise, a United States corporation which owns 95 per cent of the common or voting stock of a Canadian subsidiary corporation is not affected. In the case of United States corporations holding less than 51 per cent of stock of a Canadian subsidiary, there is no change. The Canadian subsidiary in the latter case still pays and deducts the 15 per cent rate on its dividends; but it is in the case of Canadian corporations whose voting stock between the 51 per cent mark and the 95 per cent mark is owned by United States parent corporations that the change is made. It is in this area that the change is effective, and corporations in this group will now obtain the benefit of the 5 per cent limit on income tax and also more combinations of United States corporations owning control of Canadian corporate subsidiaries may now qualify for the lower rate. There is, therefore, no advantage in the form of any tax reduction offered by this bill in the case of the wholly owned Canadian subsidiary. This bill simply means that in the case of the Canadian subsidiary, the United States corporation which controls ownership of its common or voting shares may dispose of shares in the Canadian corporation up to 49 per cent of the issued total without losing the benefit of the 5 per cent income tax rate. In other words, this is a negative form of encouragement to these Canadian corporations to sell some of their common stock to Canadian investors.

So far as foreign investment is concerned the bill affects only the United States, and only its corporate investors. There is today, it is estimated, about $11 billion of United States capital invested in Canada and that sum is constantly growing. We have had occasion in the past to pay tribute to the very useful and welcome part that United States capital has played in the development of Canadian resources. At the same time we Conservatives have taken advantage of all our opportunities to urge that there should be more and more Canadian investment participation in the ownership of corporations which are engaged in the development of the resources of this country.

That can be done in two ways. First it can be accomplished by increasing the proportion of Canadian total capital needs that is met out of domestic sources, and, in the second place, it can be done by adopting fair and

reasonable policies which will encourage non-Canadian owners of corporations to permit Canadian participation in the ownership of Canadian branch plants and subsidiary corporations.

This we have urged for some time. The kind of measure we have before us today was urged in the plainest terms by a great Canadian who on July 9, 1956, expressed it in these words as reported at page 5778 of *Hansard*:

> Canadian tax laws should be changed to eliminate the tax penalty which a British or United States company must suffer when it allows Canadians to own a substantial minority interest in a wholly-owned Canadian subsidiary.

Those significant words were uttered, as I said, by a great Canadian, the Leader of the Opposition, and I am glad to see that the government has now seen fit to give heed to his wise words; for the time is certainly ripe to permit Canadians to participate more widely than has been the case heretofore in the purchase of the common stocks of Canadian subsidiary companies which are controlled by United States parent corporations.

This is no appeal based upon emotion. This is a proposal based upon sound logic and sound national objectives. On the boards of directors of these Canadian subsidiary corporations, in our view, there should be opportunities for wider Canadian participation. There should be more Canadians on the boards of directors of such corporations and more research should be done by such corporations in Canada.

This is a vast problem; for the extent of the ownership of corporations engaged in the development of Canadian resources is something that all hon. members would do well to ponder upon.

In the dominion bureau of statistics daily bulletin of July 6 this sentence appears. Speaking of the extent to which the ownership of stock of various lines of Canadian industry and resource development companies is in United States hands it says:

> In manufacturing alone excluding petroleum refining the non-resident controlled portion in 1953 was some 47 per cent, and in petroleum 70 per cent, and in other mining 55 per cent. These percentages are much higher than formerly.

Therefore I say the time is ripe for measures of this kind. Mr. Muir, the president of the Royal Bank of Canada, sounded a note of warning and exhortation to Canadians on this subject last January when he said, as reported in the press:

> Mr. Muir objected to the exclusion of Canadians from an ownership position in corporations doing business in Canada.
>
> "Participation by Canadians in enterprises financed by outside (especially American) capital would be greatly encouraged were it not necessary in many cases to buy stock in the parent company in order indirectly to secure some voice in the operations of the Canadian subsidiary."
>
> "In other words," Mr. Muir asserted, "Canadians should be allowed to buy stock directly in any Canadian corporation."

This measure should assist in that respect. It will at least give some encouragement in that direction. It is not going to produce wonders but it will give some encouragement. The same thought was stressed on May 24 by Mr. Crawford Gordon, president of Avro Canada Limited, speaking to the Canadian Club of New York, where he was reported as saying:

> American companies setting up plants in Canada "would be wise to develop a higher degree of Canadian management" . . .
>
> "U.S. capital is heartily welcome," he said. "Without it, much of our postwar development would not have occurred. But Canadians feel that too often that investment has taken the form of an American-managed branch operation."
>
> He also urged American companies to permit a much wider stock participation in U.S. subsidiaries in Canada.
>
> "This tendency to keep Canadian investors out is the subject of increasingly critical comment in our financial press. It is a factor, too, in the increasing concern being felt all over at the extent of total U.S. investment in Canada."

To the extent that this measure does indicate that parliament is aware of this problem, is concerned about it and wants to do something to point the way to United States corporations to enlarge the extent of Canadian participation in ownership of stock in their Canadian subsidiaries, it may be said now that this gives the United States corporations an opportunity, and in a sense puts a burden upon them, to busy themselves now and cut Canadians in on a larger share of the stock ownership and the consequent profits that are being made in this country. Mr. Ralph Blackmore, the financial editor of the *Globe and Mail*, in yesterday's issue said:

> And now, as we say, we will see what happens. Readers know that we have been pounding this drum for a long time, our point being, now as when we started, that if a non-Canadian firm operates a successful subsidiary here, using Canadian manpower, materials, selling to Canadian customers and living under the protection of Canadian laws in a nation favourably disposed to private enterprise, that Canadians are entitled to a portion of the profits as share owners in those subsidiaries.

We of Her Majesty's loyal opposition share that point of view. We are glad to see that the policies that we have been advocating in this house and outside it have been in this respect adopted by the government. We say again that ours never was an appeal to mere emotion. Those who said so to your right, Mr. Speaker, and outside the house were completely mistaken in their assessment of the situation. Our policy never was based on mere emotion. It was based upon a sound

view of what is the healthiest line for development of Canadian resources and Canadian participation in the ownership of those resources.

This measure is undoubtedly in response to a public demand for which we in the Conservative party have had the privilege of being the mouthpiece. Public thinking has been far ahead of governmental policy in this regard. We have deplored the delay. The measure could go further; we hope the government is not going to content itself simply with this as though it were a solution to the whole problem.

To the extent to which it will assist and give encouragement we approve it and support it, but we call upon the government to study the problem further with a view to taking other measures. There is one at least that is deserving of consideration. I realize this has to be a matter of negotiation with the United States authorities because it would have to be a matter of amendment of the convention, but thought ought to be given to setting up some form of graduation of the rates in relation to the extent of Canadian participation, so that within the permissible rates of taxation the rate would be reduced within those limits in accordance with certain specified proportions of Canadian ownership of the common or voting stock. That would give a more active and positive encouragement to a policy which, so far as this bill does give effect to it, is worthy of support.

Mr. J. G. Diefenbaker (Prince Albert): I have just one or two words to say on this. I believe that this in part does represent a step forward in the right direction and indicates the force of public opinion. As the hon. gentleman has just said, for a long while we of the Conservative party have pressed for this and have been ridiculed for having taken this stand. We have been described as opposed to American investment; nothing of the sort. We did ask, among other things, that United States subsidiaries do have provision made for Canadian investment.

There was no sense in the system whereby companies such as General Motors denied Canadians investment in a Canadian company. The investment had to be made as part of a general plan. Whatever the dividends were they had a deduction made in Canada and were sent to the United States and then, after a deduction was made there by the United States government, the balance was available for dividend purposes and distributed in so far as Canadian shareholders were concerned, subject to a deduction by another government. It certainly indicates what can be done when, as a result of an opposition discharging its responsibilities, an effective step is to be taken.

[Mr. Fleming.]

There is one further thing I should like to mention, and this is really my reason for rising. It has to do with the question of the need for United States corporations expending in Canada a far greater amount for research than is the case today. The major portion of the research on the part of these great corporations in the United States operated in Canada is being done in the United States. That has the result of preventing many Canadian scientists, training chemists, physicists and the like from being employed within their own country and making their own contribution in Canada. I know that a considerable number of scientifically trained Canadians have had to leave Canada to give the benefit of their talents to another country, although desirous of remaining in Canada.

I hope that this is but a step in the general direction and that everything will be done to the end that a fair proportion of the research expenditure by these corporations will be made in Canada so as thereby to allow Canadians, in the international economic race that the U.S.S.R. has now launched in all parts of the world, to provide that trained group of scientific personnel without which Canada cannot take its place in the international world.

Mr. Solon E. Low (Peace River): I think it is unnecessary for me to say anything more and that those who have preceded me have set out the reasons why this legislation should be put through. I believe it is, as has been stated, a step in the right direction. We approve of it, and I think that is all we need to say.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

Clauses 1 and 2 agreed to.

On the schedule.

Mr. Fleming: Would you call the schedule article by article or perhaps it might be better to call it clause by clause in order to make the questions more specific.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

The Chairman: Article I.

Mr. Fleming: Perhaps you would not mind calling them by the letter of the subclause. The provision found in article I, subclause (a) is confined to enterprises engaged in the operation of motor vehicles. The article in its earlier form related to the operation of ships and/or aircraft. Would the minister state the reason for applying an amendment

with respect to one form of transport when others are still not covered by the convention?

Mr. McCann: The explanation I have for article I is that the new paragraph 2 which is to be inserted in the present article V merely extends the present exempting provisions of that article to apply to the profits from the operation of trucks. It is an extension. As the hon. member said, it now applies to aircraft. This provision is concerned with the operation of trucks between Canada and the United States, and the paragraph is worded to ensure that a corporation incorporated in Canada but managed and controlled in the United States will not escape tax entirely. Article VII is amended by adding at the end of the paragraph the words "or of a permanent establishment in Canada of a United States enterprise". Under the present article a resident of Canada temporarily employed in the United States is required to be employed by a Canadian company in order to fulfil the requirements of subparagraph (a) of that article. By this amendment such a person will be eligible for the exemption if temporarily employed for less than six months in the United States by a permanent establishment in Canada of a United States company.

Mr. Fleming: The minister is getting into clause (b) now.

Mr. McCann: It deals with article I.

Mr. Fleming: My question was just on (a). I have a different question on (b). With regard to (b) I should like to make one comment about the expression "taxable year". It is obviously an American expression. I think it is a horrible expression. You do not tax the year. In this parliament we are accustomed to use the expression "taxation year". It may not be a happy use of a noun in place of an adjective but at least it is an expression preferable to "taxable year". I hope that when these conventions are negotiated we can eliminate expressions like that in favour of "taxation year".

I was going to ask the minister one question on this clause. This is the particular clause that gave difficulty at an earlier stage. The United States did not accept the antecedent clause in the original convention for some reason or other and in 1951 this parliament accepted the American rejection of paragraph 2 of article VII in the original convention. I take it that this relates in part to that situation. The amount of $5,000 has been in the section before, so I will say no more about it, although I will have a question on the other bill to come before us a little later as to why the amount there is different.

The Chairman: Shall the schedule carry?

Mr. Fleming: I thought you were calling the clauses. I have a question now on (c). The question is as to the reason for the insertion of the words "other than earned income" in the new text in article XI.

Mr. McCann: The words to be inserted in paragraph 1 of article XI merely ensure that the reduced 15 per cent rate of tax imposed upon income of non-residents of Canada will apply only to investment income received by such non-residents and not to income derived from a business being carried on in Canada or from employment in Canada.

Mr. Fleming: The intention is that the latter type of income shall be taxed at the higher rate.

Mr. McCann: Yes.

The Chairman: Shall the schedule carry?

Mr. Fleming: There is one misprint on page 4 of the bill under article XIII D. It is found in the third line of clause 2. An "r" has been omitted from the word "organized". I presume that ought to be corrected in the bill.

The Chairman: It is merely a clerical error.

Mr. Fleming: Yes.

The Chairman: Are there any further questions on the schedule?

Mr. McCann: That will be corrected.

Mr. Fleming: That is all on the schedule.

Schedule agreed to.

Title agreed to.

Mr. Fleming: Are you going to call the preamble, Mr. Chairman? There is a correction required in the marginal note.

The Chairman: There is no preamble to the bill.

Mr. Garson: I made a note of the remarks of my hon. friend from Eglinton before, and I have sent a note to the draftsman so we can check my hon. friend's observations before we incorporate them in the final form of the bill. As I understand his remarks, he would consider the side note correct if it read as follows: "1943-44, c. 21; 1950"—we will have to get the reference to that statute or have you it there?

Mr. Fleming: 1950, chapter 27.

Mr. Garson: Then, "1951 (second session), c. 5." My hon. friend says there is some doubt but I think it is better to include it.

Mr. Fleming: What the minister has just read would be correct. In other words, the reference to the act, 1944-45, chapter 31, has no bearing on this bill because it related to the other convention in relation to succession duties. It has nothing to do with the convention we are dealing with here which related purely and simply to income tax. The reference to the 1950 statute, chapter 27, was omitted here. It has a very definite place here because it made a number of important amendments to the 1942 convention which was approved by the statute, 1943-44, chapter 21.

Mr. Garson: I appreciate that, but the draftsman possibly may not agree with regard to the 1951 reference and in that case we would prefer to follow the draftsman.

Mr. Fleming: The 1951 reference is all right.

Mr. Garson: Oh, yes. You have no objection to that?

Mr. Fleming: No, the 1951 reference is correct, but I quarrel with the inclusion of the 1944-45 reference and the omission of the reference to 1950, chapter 27.

Mr. Garson: Yes, so if it is corrected in accordance with what I read to my hon. friend a moment ago it will be correct.

Mr. Fleming: Quite.

Mr. Garson: Will it be agreeable to hon. members if the officials check it and incorporate these corrections?

The Chairman: My recollection is that this is in the nature of a clerical correction anyway.

Bill reported, read the third time and passed.

INCOME TAX

AGREEMENT BETWEEN CANADA AND WEST GERMANY FOR THE AVOIDANCE OF DOUBLE TAXATION

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 452, to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to income tax.

He said: Mr. Speaker, the purpose of this bill is to give legal effect in Canada to the agreement which as the result of negotiations and subsequent exchanges has been reached between the government of Canada and the government of Germany for the avoidance of double taxation and the establishment of rules for reciprocal fiscal arrangements in the matter of income tax, which agreement was signed at Ottawa on the fourth day of June, 1956. The provisions of this agreement are similar in their effect to those contained in the agreement which Canada has made with the United States, the United Kingdom, Sweden, New Zealand, France, Ireland and Denmark. It is designed to avoid double taxation and provides for exchange of information. By means of an exchange of reciprocal tax credits the country of residence gives credit for the tax in the country in which the actual income had its source. As in the other agreement taxation by a state on trade profits of an enterprise in the other state is limited to those attributable to the practical establishment of such enterprise in the first mentioned state. In addition, certain specific provisions are made regarding the profits from the operation of ships and aircraft and the exemption from tax on exchange of teachers and students.

I think that is all the explanation that I need to give at this time, Mr. Speaker. As I said, this is very similar to agreements that we have with other countries. As in the previous bill there is a schedule attached. If explanations are needed with reference to the changes in the schedule, I shall be very glad to give them.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, Her Majesty's loyal opposition is always glad to support any measures that will give relief from taxation, and particularly, I suppose, relief from double taxation.

The bill follows the same form as those on earlier occasions with respect to other agreements. As the minister has said, Canada has similar tax agreements with the United States, the United Kingdom, Sweden, New Zealand, Denmark and France. The last of these agreements that was before us was the agreement with Ireland in February, 1955. The bill is identical in all respects with the bill to approve the tax convention with Ireland, although the convention itself is not at all identical with the Irish agreement. There will be some questions in relation to the differences. But as to the purpose of the bill, we are always in full sympathy with any measure to eliminate double taxation, to facilitate the exchange of information and to prevent tax evasions.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we in this group support this bill as a proper measure for arrangements between the two countries with respect to income taxation. However, I think this is an appropriate opportunity to bring certain things to the attention of the minister and the house. Last session, when I was trying to get away from the heat one Sunday afternoon, I went out and sat down beside the bank

of the Ottawa river where the canal enters the river. While sitting there I had what I thought to be an old gentleman join me. I found out later that he was only something over 40 years of age, but that he had served six years in a German concentration camp. We got into quite a discussion. He gave me his life history. He told me of the fight for democracy in Germany and of things that had happened during his lifetime. During that conversation he mentioned to me that he had noticed that there was some indication that the Krupp interests were trying to establish subsidiary industries in Canada. I am not going to deal at length with what he had to say except to say this. He said, "I hope that you Canadians do everything you can to stop those people from entering your country. They have blighted Europe for a century."

The remarks I wish to make at the present time are, I know, supported by a large number of veterans in this country, a good many mothers and widows, and a large section of the Canadian public. From the women's paper *Equality*, which is the paper of the women's association of the German socialist party, I just want to read an extract as follows:

Shortly before the 1870-71 (Franco-German) war Krupp wrote to Napoleon urging him to order armaments from his plants. He sold armament secrets to the French before the first world war. He sold steel to the States at a cheaper rate than he did to his own country's navy. He sold the patent for a percussion fuse for high explosives to Vicker-Armstrong. After the war he demanded one shilling for every high explosive manufactured by that firm. High explosives which had killed thousands of German soldiers.

During the Chinese-Japanese war (1894) he sold arms to both sides and prevented the German government from taking part in united action to stop that war.

In 1914 the German government sent a protest note to the sultan because Krupps did not receive any armament contracts from him. They threatened to withdraw the German military mission. Another example of Krupps influence on German foreign policy.

In 1904 after England and France had settled their differences in Morocco, Krupp felt left out of things and persuaded the German government to land troops in Tangier.

Krupp together with other industrialists founded the "All German Association" ("Alldeutschen Verband"). He was also active in the "German Naval Association" ("Deutschen Flotten Verein") and the "Army Association" ("Wehrverein") which called for the strengthening of German forces. The association's paper called for aggressive war and propagated the myth of German invincibility.

Krupp and other industrialists donated 500 million mark to the Freikorps. (That corps was instrumental in bringing Hitler into power and helping him to remain there. E.C.) That same body donated 3 million mark after a secret meeting with Hitler in 1933. Krupps own words were that on behalf of the 25 industrialists present he would like to thank Hitler for the clear picture he gave of his future plans. He also wrote to Hitler "that the changes on the political scene were in complete accord with his wishes and that of his directors".

On one or two occasions I have asked the Minister of Trade and Commerce if he knew whether the Krupps were attempting to establish an industry in Canada and he replied that he had no knowledge of that action being undertaken. However, I want to bring to the attention of the house some information contained in a copy of a letter written by Mr. A. Alex. Cattanach, director, companies division, to a lady who made inquiry with regard to this matter. It reads as follows:

Dear Miss McCaw:

I acknowledge receipt of your letter of July 8, 1956, in which you inquire concerning Ardelt Industries of Canada Limited.

A company of that name was incorporated by federal letters patent dated March 31, 1954.

The names and addresses of the directors were disclosed in the annual summary filed with this department as at March 31, 1956, as follows—

Dr. H. Herrmann, Essen, Germany.
Mr. Edward Volckmar, 200 St. Clair West, Toronto, Ontario.
J. Schroedar, Essen, Germany.
S. Ding, Wilhelmshaven, Germany.

A notification of the grant of the letters patent was published in the issue of the Canada *Gazette* dated April 17, 1954.

The application for incorporation was supported by a consent thereto executed by Ardeltwerke G.M.B.H. of Welhelmshaven.

Yours very truly,

A. Alex. Cattanach,
Director, Companies Division.

In that connection I should like to point out to the house and to the minister that the name of J. Schroedar, Essen, Germany, should bring to their attention the fact that that name is very closely associated with the Krupps industry over there. I have here some photostatic copies of an interview with this gentleman in which he does some whining about the treatment the Krupps industry received at the hands of the allies after the war. While the minister has not any knowledge of this, and I am quite sure he has not, we find a press dispatch from the Cornwall *Standard-Freeholder* of June 2, 1956, after this matter was raised in the house. It says:

Dr. Hans Weddingen, commercial attache of the German embassy here, has lent support to reports a Canadian subsidiary of the giant Krupps steel works of Essen, Germany, plans a major steel industry on the shores of the St. Lawrence river near Cornwall.

Then, it quotes the commercial attache:

"I know they (Krupps) have something in mind for Canada,"—

I hope it is not what they had in mind for other countries.

—he said Friday. "Their first intention was to do something in Labrador but they changed their mind."

He said he believes there will be confirmation within a year of reports that the Krupps Canadian firm of Krupps-Ardelt plans to build a giant steel plant in the Cornwall area.

Agents in Cornwall Thursday said options have been taken on five large farms in the area.

Krupps of Essen Friday denied the reports a steel plant was planned on the St. Lawrence.

But Dr. Weddingen said "this is typical of German industry".

"First there is a story, then a denial, then silence for a while and they start building a plant."

I think this is a firm which we should indicate is not welcome in Canada. We can get investment capital from other industries outside of this country if we require it. This firm has blighted the history of Europe for 100 years. I am afraid if they are allowed in this country they will continue the same machinations they continued in Europe during that time and right up to the present time. They have plants in Spain. The very publicity advisers to Nasser in Egypt were formerly associated with this firm. They are expanding into Indonesia and looking for opportunities in Asia. They are looking for opportunities and think Canada is a ripe plum to pick.

Now, Mr. Speaker, I could give voluminous evidence as to the history of this firm but I am not going to do that. I am merely going to quote from the Montreal *Star* of February 10, 1946. This article was written by Mr. DeWitt Mackenzie. It reads:

This house of Krupp was created from the profits of war piled up through the generations, and in this sense it was built on the bodies of men who died in battle that Krupps might prosper.

History pins the responsibility for much of German aggression during the past century on Krupp's and it will be history which will tell us how many conflicts this firm fed among Germany's neighbours.

It was Alfred Krupp, founder of the firm, who provided the sinews of war for Germany's onslaught against France in 1870. It was Krupp's which carried Kaiser Wilhelm on its back to near victory over the Allies in the First Great War. And it was Krupp's that was one of the main contributors—perhaps the main one—to Hitler's all but successful attempt to conquer Europe. . . .

One could write a book about the villa Hugel, but the purpose of this article is to draw attention to an aspect of German aggression which we don't see emphasized fully enough. This is that militarism has been supported by and encouraged by the titan armament firm of Krupp, which has been the motor of the war machine.

All members of this house welcome any democrat who wishes to come to this country to live here and help it develop. We have a good many democratic Germans who have come in recent years. I have had conversations with many of them and I know what they have suffered. I know their attitude towards a firm such as Krupps, and its effect on German and European history for the last 100 years. We should welcome all these people but in my opinion, Mr. Speaker, fully realizing the difficulties as between the federal and provincial jurisdiction, I urge this government to indicate that this firm is unwelcome in Canada. To permit this company, with a century of blood-stained hands, to come into this country and assist us to develop is morally wrong, thoroughly unsound, and is putting blinkers on ourselves with respect to the history of its past.

[Mr. Herridge.]

Motion agreed to. bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

Clauses 1 to 5 agreed to.

On the schedule—

Mr. Fleming: Perhaps it will facilitate a few questions if you would call the schedule article by article.

The Chairman: Is that agreeable to the committee for the purpose of discussion?

Some hon. Members: Agreed.

The Chairman: Article I.

Mr. Fleming: In article I there is a new change introduced here in the description of Canadian taxes. These are defined as "income taxes, including surtaxes, and the old age security tax on income." This is the first time of which I am aware that the old age security tax on income has been expressly included. Is this a deliberate new departure in this agreement?

Mr. McCann: This article specifies the respective taxes to which the agreement applies. In Canada it applies to income tax, including surtax, and in Germany to income tax, corporation tax and the Berlin emergency aid tax, all of which taxes are imposed by the federal government of the Republic of Germany. I am not just sure what they mean by the Berlin emergency aid tax. This article also provides that the agreement will apply to any substantially similar tax which may be imposed by either Canada or Germany. All the article does is specify particularly the type of taxes to which it applies.

Mr. Fleming: The minister has not dealt with the point about which I am inquiring, which could be briefly answered. So far as I am aware, this is the first time that any of these conventions in defining the Canadian income tax, which is of course the subject matter of the convention, has included the old age security tax on income. Now, I do not know whether the practice in administration has been to include that 2 per cent levy anyway as being part of the income tax, but I think an explanation is due because of the fact that this is the first time it has been included specifically in the definition.

Mr. McCann: I am told it is of no particular significance except that the representatives of the German government requested that it be included. I presume that was because of the fact that we had included in the taxes for Germany, which have been spelled out here, the corporation tax, the income tax, the Berlin emergency aid tax—that would be some sort of aid tax for security. Obviously that is the reason they wanted the old age security tax included in this.

Mr. Fleming: Perhaps we could approach it more directly in this way. In the other conventions, the last of them being the Irish convention, which was ratified in February, 1955, have the words "income tax" as defined in those conventions been construed as including the 2 per cent levy by way of old age security tax as income tax?

Mr. McCann: Yes, it does.

Mr. Fleming: It has been construed in that way? Then, I take it this specific inclusion of the old age security tax on income has been inserted here merely for the sake of clarity. It is not a new departure?

Mr. McCann: It is not a new departure.

The Chairman: Article II.

Mr. Fleming: On article II, Mr. Chairman, if the minister will look down page 3, in clause (g), as in various other subclauses, he will notice that the language of this convention in relation to the definition of "permanent establishment" and the following provisions, is quite different in form from the language of the Irish agreement. I am not saying that there is a difference in substance, but there is quite an elaborate difference in form. May we have an explanation?

Mr. McCann: This is a general definition article. It should be noted that the definition "permanent establishment" includes a construction or assembly project, or the like, the duration of which exceeds or will likely exceed 12 months. This provision ensures that a German construction company which might not have a permanent establishment here within the ordinary definition of that term nevertheless will be taxable on its profits on its operations and over a period exceeding one year.

Mr. Fleming: Mr. Chairman, the minister has read a statement on the section—

Mr. McCann: I am told that apart from that there is no difference in substance from former treaties.

The Chairman: Article III; article IV; article V.

Mr. Fleming: On article V, I should just like to draw attention to the fact that in clause (2), line 1, there is an error in spelling in the word "likewise". Can that be noted?

The Chairman: That will be noted as another clerical error. Article VI.

Mr. Fleming: Mr. Chairman, article VI puts the percentage of the voting shares in the subsidiary company at 25 per cent. I note that the Irish agreement puts the percentage of voting shares at 50 per cent. What is the reason for the lower percentage in the case of this agreement?

Mr. McCann: At the present time Germany taxes all dividends paid to non-residents at 25 per cent as against Canada's rate of 5 per cent on dividends paid by wholly-owned subsidiaries; 75 per cent on all other dividends. Under the provisions of this article Germany agrees to reduce its rate to 15 per cent on dividends paid to Canadian companies owning more than 25 per cent of a German company. I am told that we made no concession in this article. I am further told that this is as far as the Germans were prepared to go.

The Chairman: Article VII, article VIII.

Mr. Fleming: In the second paragraph, third line, there is another of these mistakes in spelling. The word "formulae" is spelled wrongly. May I ask a question in regard to the use of cartels in Germany? Is there going to be any problem arising out of the application of this convention in such cases?

Mr. McCann: Would that have to do with royalties, copyright?

Mr. Fleming: I am thinking of the whole of the clause.

Mr. McCann: Paragraph 1?

Mr. Fleming: Probably more particularly the second one, "patents, designs, plans, secret processes and formulae".

Mr. McCann: Paragraph 1 of the article exempts copyright royalities in respect of literary, dramatic, musical or artistic work. Paragraph 2 applies a ceiling of 15 per cent on the rate of tax imposed upon all other royalties.

Mr. Fleming: The minister is not dealing with my question, Mr. Chairman. I know what the article says. My question has not been touched on by the minister's answer.

Mr. McCann: This, I presume, would be in our favour because Canada has made no concessions whatever on royalties to the German government.

Mr. Fleming: Again, that is not my question. I asked whether there was going to be any difficulty in the application of this provision in cases where the Germans may be resorting to the use of cartels?

Mr. McCann: I am told that we cannot see any problem in that particular connection.

The Chairman: Article IX, article X, article XI.

Mr. Fleming: I have one question on article XI, Mr. Chairman. The maximum rate of compensation is established in paragraph (2) (b) and it is $3,000 gross. This is substantially less than the figure in the Irish treaty, which was $5,000. What was the reason for changing the lower figure here?

Mr. McCann: This article means that an individual from Germany may perform services in Canada free from tax if his stay in Canada does not exceed 183 days during the year and his compensation is received from a person resident in Germany, or does not exceed $3,000. The same rule applies reciprocally to a Canadian individual. The point is, we asked that the amount be the same as it was in the Irish treaty, $5,000. They would not agree to it and this is a compromise; we accepted $3,000.

The Chairman: Article XII, article XIII, article XIV, article XV, article XVI, article XVII, article XVIII, article XIX, article XX.

Mr. Fleming: Mr. Chairman, article XX provides for the making of regulations to carry the convention into effect. Do those regulations have to be joint regulations promulgated by both of the contracting states?

Mr. McCann: No, they do not. The article provides for enabling legislation, and again by the competent authorities of each state.

Mr. Fleming: It does not say "each state", though. That is my point. The article says:

> The competent authorities of the two contracting states may prescribe regulations necessary to carry into effect this convention within the respective states.

Now, having regard to the extent to which such regulations may apply I would have thought that the natural reading of the section would suggest that the regulations ought to be concurred in jointly by the competent authorities of the two contracting states; but I take it that the minister construes that expression as equivalent to the competent authorities of each of the two contracting states.

Mr. Marler: The word "respective" seems to suggest that, does it not?

Mr. McCann: Any regulations that may be made cannot go beyond the treaty itself; the hon. member understands that. But our understanding of this article was that each state might make its own regulations.

Mr. Fleming: This is a new provision. It is not in the Irish agreement. I just wonder whether, in the light of the interpretation that the minister is proposing today, the situation might arise where the regulations promulgated by the prominent authorities of the two states might be quite different?

Mr. McCann: All agreements are not exactly similar in detail and one has to consider getting the best deal he can with the people with whom he is carrying on negotiations. Most of the regulations that are made in one country or in the other have to do with the internal procedure.

The Chairman: Article XXI, article XXII.

Mr. Fleming: Mr. Chairman, I have one question concerning article XXII. In paragraph 2(a) we have the expression, "in respect of Canadian tax, for the taxation years beginning on or after the first day of January 1954". I looked up the Irish agreement and I find the same expression, "on or after" was used there. I would have thought the more normal expression to look for in that context would have been "on and after". It would then refer to the taxation years beginning "on and after". Is there any point there that might give some difficulty?

Mr. McCann: It actually means in respect of Canadian tax for the taxation year beginning on and after the first day of January. The treaty is signed with those words and cannot be changed; however, that would be the interpretation.

Mr. Fleming: May I take it that is the interpretation that has been given to the Irish agreement?

Mr. McCann: Yes.

Mr. Fleming: It likewise has the expression "on or after", and I think in future negotiations it might be well to have it read "on and after".

Schedule agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF TRANSPORT

The Deputy Chairman: Four items were allowed to stand last night. Is it the wish of the committee that they be called first?

Mr. Marler: That is quite agreeable to me, Mr. Chairman.

Some hon. Members: Agreed.

Railway and steamship services—

459. Construction of new dock and terminal facilities at Port aux Basques, Newfoundland, $413,000.

Mr. Nowlan: Mr. Chairman, item 459 deals with the construction of docks and terminal facilities at Port aux Basques. I notice there is a proposal that this year we spend $413,000 as compared with an expenditure of $750,000 for last year. I wonder if the minister could give us a statement as to where this matter now stands.

There has been some publicity given in the press, in the east at least, within the last few days with respect to this matter. The committee will remember that the harbour at Port aux Basques was the one which was, shall we say, reconstructed for the benefit of the *William Carson* and after having been reconstructed it was found a further expenditure had to be made. Apparently it is proposed to spend an additional $413,000 this year.

A statement appeared in the press about two or three weeks ago which presumably came from the office of the Minister of Public Works in which was stated the fact that the breakwater had been replaced. The committee will remember that some dredging and blasting had been done. The natural breakwater which had been there had been in part removed and replaced by the Department of Public Works.

Mr. Marler: That is not correct. The hon. gentleman is certainly not correct in making that statement.

Mr. Nowlan: Well, if it is not correct I must say no one knows what is correct and we are very glad to have the minister correct us this morning with respect to these matters. As regards the natural breakwater, I thought I was being very moderate so as not to arouse the sensitive minister, because I know how sensitive he naturally would be with respect to this matter. At any rate, some expenditure has been made and it was found necessary to reconstruct or construct an additional breakwater.

Mr. Marler: Now the hon. member is talking about the facts instead of something imaginary.

Mr. Nowlan: All right. The reason any imagination is necessary is because of the conflicting, vague and inconclusive statements which have been issued by the Department of Transport, the Department of Public Works and the Canadian National Railways, each trying to pass the buck with hon. members from Newfoundland adding something to it by way of general background, and altogether we get a pot-pourri which the minister with his vivid imagination and his experience in the opposition will realize it is very difficult for a poor person sitting over here not having access to all the government reports to fully understand.

I am endeavouring to get this down to a simple compass this morning and I do not want to indulge in any pyrotechnics or anything of the kind. What I am trying to find out is just where this matter now stands.

The Minister of Public Works is reported in the press as having said that the breakwater had been completed and the sum of $186,000 is the figure used in the press. I do not know whether or not that is correct. The report also says that a 600 foot breakwater had been put in at Port aux Basques harbour and apparently the Minister of Public Works intimated that the next step was for the C.N.R. to have the *William Carson* make a test run or two into the terminal to see whether it could be accommodated in the harbour with the new installation.

I do not want to offend the delicate feelings of the minister in this matter, as I say, and so I shall say that in addition to the breakwater which was to be built—the minister can call it what he will—the national research council were asked to erect a model of Port aux Basques harbour in which experiments could be conducted. We have now reached a situation where the Minister of Public Works says that we have reconstructed it or constructed it—

Mr. Marler: That is better.

Mr. Nowlan: Yes, I will use the term "constructed", if you like.

Mr. Marler: Well, use the accurate one.

Mr. Nowlan: All right, I will use the accurate term. God constructed the first breakwater and then someone removed it and the Minister of Public Works has constructed a new one and now the Minister of Public Works says to the C.N.R., "Why don't you use the harbour for a test run?" According to the press the C.N.R. says, "No, we do not want to use the harbour". I am not attempting to quote the press report but according to it the Department of Transport and the C.N.R. have suggested to the Department of Public Works that the trial runs for the *William Carson* be postponed and that the Department of Public Works should conduct further tests on the $70,000 national research council hydraulic model. One would almost infer, Mr. Chairman, that the C.N.R. and

the Department of Transport were not certain that the expenditures on the harbour were completed and that they required further tests to be made on the harbour.

In any event there is apparently some difference of opinion between the two departments with respect to this matter. The Minister of Transport may be justified in this and I am not criticizing him for it but it almost appears as if he or his departmental officials felt that the situation at the Port aux Basques harbour is such that they do not want to operate the ferry there until the tests are carried out on the model. According to the statement which was issued some time ago, this could not be done until September. It is certainly a matter of importance as to when this can be done and I would like to have the minister clarify the situation if he would.

Mr. Marler: I am always amused when I hear the hon. member talk about Port aux Basques and the *William Carson*—

Mr. Nowlan: If you were impressed I would be much more comforted.

Mr. Marler: —particularly as he draws liberally on his imagination in order to add humour to what he has to say. If we could get back to the facts of the matter, perhaps it would be easier for the committee to understand exactly what the situation is at Port aux Basques. Perhaps I should say this to the hon. gentleman who has just spoken. If he had not made the several humorous speeches on the subject of the *William Carson* that he made during the last session and on every conceivable occasion, I think there would have been much less confusion in the minds of the public as to what is the real situation. As someone who has experienced political life in opposition, I think that the hon. gentleman should feel a certain satisfaction in having added this element of confusion to the situation.

Mr. Nowlan: I cannot compete with the minister in that respect.

Mr. Green: There was plenty of confusion before he started.

Mr. Nowlan: You dispel it, if you will.

Mr. Marler: After these preliminaries, I shall try to do exactly that. I shall not promise that the hon. member will understand but I shall give him an opportunity at least of knowing the facts. The first thing I should like to say is about the $413,000 which is covered by this vote. This is not in connection with the dredging but it is, as I understand it, the cleaning up of the expenditures in connection with the construction of the new dock and terminal facilities at Port aux Basques.

Hon. members will recall that we discussed the subject of Port aux Basques approximately towards the end of the last session of parliament and at that time, I think, I told the committee that we were going to retain the services of an expert in order to advise us as to the situation in Port aux Basques harbour. I should like first of all to correct an impression, which somehow or other has got around, that the work that was done in Port aux Basques was such that there was not enough water for the *Carson* to go in. That has not been the case, and at no time has that been the problem.

I have a very delightful cartoon that appeared in the *Gazette* of my trying to get the *William Carson* down a chimney, and the *Carson* obviously was much too big for the chimney. All I can say is that the cartoonist, who has an excellent reputation as an artist, must have been inspired by the hon. gentleman who has just spoken on this item, because if he had been inspired by the facts he would not have drawn the cartoon at all.

After the last session ended, I asked the high commissioner in London if he would be good enough to ascertain what experts in matters of harbour engineering might be available at short notice to visit Port aux Basques and to examine the situation from beginning to end. I want to say right away that I did not seek somebody in England because there was no one available in Canada, but I am sure hon. members will agree that there was no one available in Canada who had no association either with the government or with the Canadian National Railways. I felt that it was desirable to have someone who had no attachments of any kind and whose impartiality and independence could not reasonably be challenged.

The expert who was appointed, after we had made these inquiries, was Mr. R. D. Gwyther, who is one of the senior partners of the firm known as Coode and Partners. It was interesting to learn that one of the predecessor members of this firm had had a connection with Port aux Basques many years before; not that that was material to the case, but it was merely a matter of interest. When I met Mr. Gwyther, about a year ago, the first thing I told him was that I wanted to get from him a completely independent report and that I was not asking him to justify what had been done. I wanted to know what were the facts and whether a mistake had been made.

Hon. members perhaps should realize that the obligation to establish a service between

North Sydney and Port aux Basques results from the terms of union with Newfoundland. The obligation was that of providing services which would accommodate passengers, automobiles and cars. I am not talking about these two places except so far as the distance between them is concerned. That obligation necessitated the building of a ship which would be speedy and which would load and unload rapidly so that the round trip between North Sydney and Port aux Basques could be covered within the least possible time so as to make the operation as economic as possible. That accounts for the dimensions of the *Carson* and the necessity for having a vessel strengthened for ice and having high power, and, because of the desirability of rapid loading and unloading, the rather complex arrangement of the facilities at the terminals both at North Sydney and at Port aux Basques. That very factor of special facilities prevents the *Carson* from being used just anywhere at any time.

If I might return to my conversation with Mr. Gwyther, I asked him to make an exhaustive study of the matter and to give me a completely impartial report. One of the first things that Mr. Gwyther considered was whether or not the dredging that was done between Pikes and Vardys islands had been harmful to the situation. I was jesting a moment ago when I spoke of the hon. member, but an impression has been created that the dredging that was done between these two islands ruined the harbour. I believe that the hon. member, when speaking on the estimates of the Department of Public Works, quoted some newspaper article, though how the word "ruined" ever got into the newspaper article I find it difficult to say. No one has used that word authoritatively, and it will certainly not be found in the Gwyther report. The rather liberal interpretation put on the Gwyther report certainly does not find any justification in the actual words he used. I should like to read from the Gwyther report his comment with regard to the channel between these two islands. He says, in paragraph 9:

> The channel which existed between Vardys island and Pikes island has been enlarged to give a minimum depth of 23 feet at low water for a width of 350 feet. This dredging increased the cross sectional area of the original channel by only 17 to 20 per cent and we cannot believe that this caused any appreciable increase in the ranging at the new wharves.

I did not dictate that paragraph to Mr. Gwyther, and I think that is a fair comment on the situation that exists in Port aux Basques harbour. The whole difficulty that we have had to meet is the fact that the facilities as they now exist in Port aux Basques harbour are such that there is not the quiet water that should be expected for a ship of this dimension which is going to be moored at the terminal We asked Mr. Gwyther what work ought to be undertaken in order to provide a quiet harbour for the *William Carson*, and I might just read another paragraph from the report, paragraph 12, which reads as follows:

> 12. Suggestions have been made for improving these conditions and are as follows:
> (i) to close the channel between Vardys and Pikes island and to widen the approach channel on the west side of Vardys island and between the middle and west Baldwin rocks;
> (ii) to construct breakwaters at the Baldwin rocks closing the channel between the middle and west Baldwin and enlarge the channel eastward of the east Baldwin;
> (iii) to construct a short breakwater running northeast from Vardys island leaving the new channel clear and widening the existing channel between Vardys island and Pancake rock and at the Baldwins.

I am not going to read the whole report, which is somewhat lengthy, but the point I should like to emphasize is that these suggestions were considered by Mr. Gwyther, and his recommendation will be found in paragraph 14 which I shall read:

> 14. We strongly recommend that a model should be made of the harbour and the effect produced by the construction of breakwaters tested on the model. This need not delay the start of work on the landward breakwater or on the improvement of the channel between Vardys island and Pancake rock.

The breakwater which has been constructed does not replace anything that existed before. It is something that is entirely new, and that was the reason why I objected to the rather liberal interpretation which the hon. gentleman placed on the facts of the matter just a few moments ago. This is a new breakwater. Mr. Gwyther recommended that we should build a model and that we should at the same time build this breakwater which he considers would be essential.

As hon. members know, the Department of Public Works has built the model and model tests have been continuing and are still continuing. The hon. gentleman seemed to imply from some clippings that have been read from the newspapers that the national research council has reached some conclusions. I hope I am not wrong in that inference I took from what the hon. gentleman said, but that is not in conformity with the facts. No report has been made by the national research council as to the result of its studies. However, I should like to tell hon. members of the committee that there may have been formed in the minds of some of those who are conducting the studies some preliminary ideas that the studies and tests so far have developed. But so far as my department is concerned, and I consider we are very vitally interested

in the matter, we have no report whatever as to the conclusions to be reached from the model studies that have been undertaken up to the present.

I made some inquiries this week to find out what was the state of affairs so that it would be possible for us to know what progress was being made, and I was told that it was hoped that the report would be available within a matter of two or three weeks. I think the hon. gentleman will probably realize that what Mr. Gwyther had in mind in recommending the construction of the model was to tell from the model where other protective works should be placed if other protective works were necesary after the construction of the breakwater which has since been built and completed.

We have not yet got the results of these studies and consequently we are not in a position to say today—I regret it very much —just what further works, if any, require to be done in the harbour so as to make it entirely usable by the *William Carson*. I understand there has been comment in the press, or perhaps I should call it speculation, as to trial runs for the *William Carson*. I have discussed this subject with the Department of Public Works and with the Canadian National Railways, and I was under the impression a few days ago that arrangements had been concluded by the Canadian National Railways and public works to make some trial runs. But this week I took the trouble to verify the exact situation and when I found that definite arrangements had not been made I asked that a meeting be convened of all of the parties interested, national research council, public works, Canadian National Railways and officials of my department, in order that the matter should be examined fully so that we could see whether it was desirable to have trial runs of the *Carson* into Port aux Basques. That will be the subject of discussion at a meeting to be held next week.

But the point I should like to emphasize particularly, because I do not think it is desirable that wrong impressions should arise from carrying out trial runs, is that a trial run must for all practical purposes be carried out with a ship that is carrying neither freight, automobiles nor passengers. It is not possible to organize it for passengers for the simple reason that it would be an entirely new service and there is no reason why passengers should participate in it. Naturally what we have in mind is the commencement of the service just as soon as we can be certain that the harbour will be a safe, quiet harbour for the *Carson* while she is in service there. Consequently, if it is decided that the *Carson* will make trial runs as part of the studies which are in process by the national research council no one should expect that she will be used for the carrying of passengers, freight or automobiles. It is a technical test, and I take it that those who participate in it will be the technical officials of the four bodies interested that I mentioned a moment ago.

I have no hesitation in confessing that I had really hoped after I had seen Mr. Gwyther in August of last year and had read his report, received some time around the middle of August, that the model studies would have been completed long before this and we would have had a conclusive report as to what ought to be done in order to settle the matter fully and finally.

Mr. Green: Are they being done here in Ottawa?

Mr. Marler: Yes, they are being done in Ottawa. I have not seen them personally. Unfortunately time seems to be so much at a premium that I have not been able to get out to see them. I do not suggest that my going out there would make any difference to the studies but I had hoped to see them and I had hoped that they would have led to a conclusive report before this. However, my hopes have been disappointed. But I do hope it will not be long before we have a definite recommendation as to what works must be done.

I do not blame the opposition for the fact that the impression has been created by them that the government has made a mistake in this matter. I am quite sure if I had been a member of the opposition I would have done my utmost to create that impression.

Mr. Nowlan: We do not have to create it.

Mr. Marler: I will leave the hon. gentleman with his opinion, but perhaps people who will take an impartial, objective view of the facts might not agree. I do not blame the opposition for endeavouring to create the impression that there has been a grave mistake, but perhaps the grave mistake was in agreeing that Port aux Basques should be the northern terminal of this route. But, Mr. Chairman, that is a fact; that is part of the terms of union. The terms of union provide that the service shall be between Port aux Basques and North Sydney, not between North Sydney and some other place in Newfoundland. It is my personal conviction that, having chosen Port aux Basques, we were, perhaps unconsciously at that time but fatally committed to provide that kind of service and to do so on the most economic terms possible, committed to doing the physical works in the harbour which will cost us a great deal.

Mr. Green: May I ask a question? Was there ever any attempt made by the dominion government to negotiate with Newfoundland for a change to some other port?

Mr. Marler: Mr. Chairman, I am handicapped by the fact that I was not a party to the negotiations in 1949. I do not know what considerations entered into the discussions at that time.

Mr. Green: Perhaps the minister can find that out at the noon adjournment.

Mr. Marler: I feel perfectly sure that it was chosen because of the factor of distance and because of the factor of the railway; in other words, that there were certain obvious reasons why Port aux Basques had to be chosen. My understanding of the matter is that it really was not possible to consider establishing the service to another point. When one looks at the map, I think one cannot help concluding that the service had to be provided between those two points. Having reached that conclusion, the question then arose as to the kind of ship. If you provide a smaller vessel, then you cannot accommodate passengers, freight and automobiles as the terms of union call for, in the same volume, let us say, as is to be provided in the *William Carson*.

Mr. Green: Was there any agreement between Canada and Newfoundland with regard to the type and size of ship?

Mr. Marler: No; there was not. But I suggest to the hon. gentleman that the undertaking to carry freight, automobiles and passengers, coupled with the fact that you had to provide a rapid turn-around in order to accomplish the operation in 24 hours, imposed certain conditions that had to be met, certain physical conditions that could not be met in any other way than those provided by the *William Carson* itself.

Mr. Green: The minister is not suggesting that Newfoundland is in any way responsible for the fact that the ship was built but could not use the harbour? He is not doing that, is he?

Mr. Marler: No, I am not suggesting any such thing as that at all. I am merely suggesting that, having laid down these specifications, the economics dictated that you should have a fairly large vessel, powerful, able to operate during the winter months, able to carry passengers, freight and automobiles, and to meet the necessity of rapid loading and unloading. I suggest that when you read these specifications and when you say the service must be between Sydney and Port aux Basques, then you are fatally led to the situation which now exists. Had we been so foresighted and so gifted as to have complete information as to Port Aux Basques, it is quite possible that we would have said at the time of union, "We will have to spend a great deal of money on the harbour in order to provide for the facilities which are called for under the terms of union." I am sorry but I do not know how much the breakwater that has been constructed has cost. I think perhaps the matter was dealt with on the estimates of the Department of Public Works, as it is an expenditure of that department. I do not know what further works will have to be built. All I can say is that we will know when the model studies are completed. I hope they will show us that the work that remains to be done is not of major dimensions.

Mr. Chairman, I am sorry I am taking so long on this item but I want to repeat that I think it is perfectly clear to an impartial person that the relatively small amount of dredging that was done in the channel between Pikes island and Vardys island has had no substantial effect on the harbour itself.

Mr. Nowlan: I do not think the minister needs to apologize for the time he has spent on this item. I realize that the committee is working under pressure and no one wants to delay it, I least of all. I do not propose to enlarge on the matter at any undue length and I am not going to indulge to any imaginative or pyrotechnic speech as the minister almost invited me to do. I refrain from doing that. But this is a matter of tremendous importance to all eastern Canada, as well as to the province of Nova Scotia. The confederation pact with Newfoundland has been in abeyance and is now, one might say, dishonoured because we are not fulfilling our obligations there at all in so far as transportation is concerned back and forth between Newfoundland and eastern Canada, and, I presume, all of Canada, having regard to anyone who ships to Newfoundland. The situation is just one horrible mess. That is the only way in which it can be described.

The minister speaks about the opposition and rather pays it the compliment of having created—and I emphasize the word "created" —an impression that there was something wrong in connection with this matter. We certainly have not created it, Mr. Chairman. There is not a newspaper you can read in eastern Canada or a newspaper in Newfoundland that has not stressed that fact. In my opinion we have been, as usual, very conservative in our statements and in our approach to this matter. If there has been any touch of humour at all, it is only because we felt so sympathetic with the minister who was loaded down with such a tragic error that we

felt that if we really dealt with the thing too seriously he might feel that he should be called upon to resign or something of that kind. So perhaps when mentioning it I will introduce a little bit of humour in order to lighten the load which otherwise he would carry.

Mr. Marler: Do that.

Mr. Nowlan: I have here an editorial—I am not going to read it—from the Cape Breton *Post* of August 2 dealing with this matter. It says that everything is a fog with respect to the *William Carson*.

Mr. Marler: It is what?

Mr. Nowlan: It reads:

> Everything having to do with the operation of the splendid new ferry, *William Carson*, between North Sydney and Newfoundland, continues to be wrapped in mystery, as if an impenetrable fog descended every time the circumstances arise for lucid explanation.

Then it goes on to say this:

> It has ceased to be funny, this is to say if anyone ever found it amusing.

Articles have appeared in the Halifax *Herald*, in the Newfoundland papers and all the rest. I am not going to accept for one second the suggestion that the opposition are responsible for having enlarged on this matter in any way. There are a few facts about this matter which I want to get clear, and we shall not have time to do it before one o'clock. After all, if there is a touch of humour in the matter, it is in the minister's statement this morning. I wish I had *Hansard* before me. He, of course, always has a delicate touch. The minister spoke almost sadly about the fact—I have forgotten some of the words—that the facilities at Port aux Basques did not lend themselves to, shall we say, a smooth harbour. I think that was the effect of what he said. He spoke as if this came as a great surprise and a great shock. That, of course, is as humorous as anything could be. Apparently, they never heard of John Sebastian Cabot who discovered Newfoundland and who reported that Port aux Basques was a pretty tricky harbour. Of course there was another John Sebastian Cabot Pickersgill who made a discovery. I am not sure whether he discovered Newfoundland or whether Newfoundland discovered him. But certainly he knew that Port aux Basques was far from being a smooth harbour.

The minister says we are under an obligation to carry cars, to carry passengers and to carry freight. They certainly are not carrying out the obligation, are they? That ship cannot do it under the existing situation. If errors were made in accepting Port aux Basques—if you were bound to accept it, and I think there is some merit in that suggestion; there was a railway connection there—instead of having that palatial liner which was too big for the harbour, I think that serious consideration should have been given to having two small boats as recommended by the Newfoundland captains, seamen, fishermen and press.

Mr. Marler: I can tell the hon. gentleman that I have heard often about that so-called recommendation but nobody seems to have found it in my department or in the Canadian National Railways.

Mr. Nowlan: That is why the Cape Breton *Post* says there is such a fog.

Mr. Marler: Let us stick to the facts.

Mr. Nowlan: I do not want to be unkind, but the Cape Breton *Post* says that the Minister of Transport apparently has not even heard from his colleague the Minister of Public Works about the fact that he wants the boat to make a trial run or runs into the harbour.

Mr. Marler: That is pure conjecture and without foundation.

Mr. Nowlan: It may be conjecture but at least that is not disseminated by the opposition. Those are statements that have been made. What we want to do this afternoon and in perhaps three or four minutes after this committee reconvenes is to have the minister tell us what is going to be done and when, and also what it has cost us so far. He says that he is still waiting, as I understand it, and that he feels that there should be further experiments carried out or tests with respect to the working model of the harbour.

Mr. Marler: I wish the hon. gentleman would stick to what I said. It would make it much easier for me.

Mr. Nowlan: Is that not what the minister said?

Mr. Marler: No. I told the hon. gentleman that we were waiting until the present studies are completed by the national research council.

Mr. Nowlan: That is what I said.

Mr. Marler: It is not a question of further studies. Surely the hon. gentleman understands that we are still talking about studies that were initiated to determine what works ought to be done in order to make Port aux Basques a quiet harbour.

Mr. Nowlan: I am not going to engage in a dialectical discussion with the minister

with regard to the word "further". I accept his word that they are waiting to learn the results of the study. I realize that you have only one study and that there are no further studies. The only comment I have to make is that they built the harbour for a certain type of operation and then they decided to build a working model and to make studies. Now the studies are not over. After lunch I should like it if the minister would please tell us when they can operate that service and if he can give any intelligent—I do not mean "intelligent" unkindly—any relatively accurate estimate of what can be done.

Mr. Marler: I do not want to spoil the hon. gentleman's lunch but I cannot add anything to what I have already said. He knows, just as I do, the danger of making promises as to dates and holding out expectations that might prove to be wholly unjustified. I may be spoiling his lunch, but I can add nothing this afternoon to what I have already said.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Chairman: Order. Resolution 459.

Mr. Nowlan: Mr. Chairman, I wonder whether the minister can answer a few questions with respect to this item of $413,000 which is for, as I said earlier, the construction of new dock and terminal facilities at Port aux Basques, Newfoundland, during this coming year? Can the minister tell us what has been spent to date on the new dock and terminal facilities in so far as it comes within his department, or of which he has knowledge, and also what is proposed to be done with the $413,000 this year?

Mr. Marler: Well, Mr. Chairman, I am not in a position to give the absolutely final detail but I would like to tell the hon. gentleman that the expenditure to March 31, 1955, was $5,067,223. The estimated expenditure for 1955-56 is $369,140; the estimated requirement for 1956-57 is $413,000; the estimated requirement for 1957-58 is $470,000, making a total of $6,319,363. To that must be added a further amount payable by Canadian National Railways of $488,000, making an estimated total cost, which includes the provision of modern freight handling equipment of $6,807,363.

Mr. Nowlan: Does that include the cost of the containers of which we have spoken before?

Mr. Marler: No, I do not think it does, Mr. Chairman. My deputy minister points out that half of the total cost of the containers is included in the total estimated cost that I have just given, and the other half of the cost of the containers is included in the costs in the Sydney area.

Mr. Nowlan: Does that include all expenditures made by the Department of Public Works as well?

Mr. Marler: No, these are transport or C.N.R.

The Chairman: Shall the item carry?

Mr. Nowlan: I have one other question before the item does carry. As I understand it, from what the minister said this morning, there will be an interdepartmental meeting next week between his department, public works and I think he said the Canadian National Railways and national research, and at that meeting it would be determined if and when a trial run or runs would be instituted by the *Carson* into Port aux Basques harbour. Is that correct?

Mr. Marler: I think I should make a purely verbal correction in what the hon. gentleman has just said. I am not asking the officials to make a decision. I ask them to make a recommendation but I shall take the responsibility.

Mr. Nowlan: Surely. No decision will be taken till next week, and no decision has been taken at the moment.

Mr. Marler: No. I would like to emphasize, because of the news that has appeared in the press, that at no time has any decision been taken. Consequently, there has been no postponement. The date has not been fixed. I hope—if that seems the intelligent thing to do—we shall come to some decision next week.

Mr. Nowlan: Is this a fair question? Is the minister in a position to give any intimation as to when he would expect the *Carson* would start regular service to Port aux Basques?

Mr. Marler: I think the question is a perfectly fair one, but I am unable to give a fair answer.

Item agreed to.

460. To provide for the payment during the fiscal year 1956-57 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in the payment of the deficit (certified by the auditors of the national company) in the operation of ferry and terminal services between North Sydney, Nova Scotia and

Port aux Basques, Newfoundland, and on a temporary basis between North Sydney, Nova Scotia and Argentia, Newfoundland and between North Sydney, Nova Scotia and other Newfoundland ports, arising in the calendar year 1956, $3,496,250.

Mr. Nowlan: This is the deficit item for the operation of the *William Carson* for the year. This is for the calendar year 1956, or arising in the calendar year 1956. I believe there is an item in the supplementary estimates of $1,100,000, which would make in all $4,596,250. The detail speaks of the calendar year 1956, but the item says, "fiscal year 1956-57". Can that be clarified?

Mr. Marler: I do not want the two items to be added together because that will give a misleading impression. First of all, I would like to emphasize that this item of $3,496,250, covers the deficit of all of the ferry operations, all of the Newfoundland railway and steamship services, North Sydney, Port aux Basques, Argentia and other Newfoundland ports, and not just the *William Carson*, and the figures are for the calendar year 1956. If the hon. member would like to have a breakdown, they represent $2,925,000, being the estimated deficit for 1956 on the service between North Sydney and Port aux Basques. This deficit excludes the *Carson* because she is not in that service at the moment; approximately $500,000 for the service in which the *Carson* is running for purposes of freight between North Sydney and Argentia, and $71,250 for services between North Sydney and other Newfoundland ports. Now, there are some other figures covered in the supplementaries. Perhaps we can deal with them when the supplementaries are called, but they are not for the same purpose.

Mr. Nowlan: What is included in the deficit? Is that something of an operating item or does it include interest and sinking fund?

Mr. Marler: This is a straight operating deficit and it does not include interest.

Mr. Nowlan: Can the minister tell us what was the total capital cost of the *Carson* so that we can—

Mr. Marler: I have not the figure immediately at hand, but it is somewhat slightly in excess of $11 million.

Mr. Nowlan: Perhaps the minister can get the total.

Mr. Marler: I will have a look for it and I will give it.

Mr. Nowlan: The minister said it does include the deficit on the existing service between North Sydney and Port aux Basques as well as the operating deficit on the *Carson* itself.

Mr. Marler: I have just given those figures: on the North Sydney and Port aux Basques run, $2,925,000; between North Sydney and Argentia—that is the *Carson*—$500,000 and the other ports, $71,250. The exact cost of the *Carson* is $11,243,000.

Mr. Nowlan: That deficit on the service between North Sydney and Port aux Basques is exclusive of any deficit on the *Carson* at all; it is on the other small ships that operate?

Mr. Marler: Yes.

Mr. Green: Can the minister give the figure for the deficits on the earlier years of the operation of the *Carson?*

Mr. Marler: There were no earlier years for the operation of the *Carson.*

Mr. Green: This vote is for 1956?

Mr. Marler: Yes.

Mr. Green: What about 1955?

Mr. Marler: The operations of the *Carson* for 1955 are covered by the supplementary vote, and perhaps we can deal with it when we get to that item.

Item agreed to.

461. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects, $1,914,000.

Mr. Nowlan: What is proposed in this item? Can the minister give us a breakdown?

Mr. Marler: The main item, Mr. Chairman, is for the ferry for service between Wood Islands in Prince Edward Island and Cariboo, Nova Scotia. It represents an amount slightly in excess of $1 million. The item includes also $250,000 of the expenditures on the *Carson*; $500,000 for the *Bluenose*; and $44,000 for construction or acquisition of equipment.

Mr. Nowlan: That is additional expenditure made on the *Carson?*

Mr. Marler: No; these are included in the total I gave the hon. gentleman a moment ago.

Item agreed to.

462. Yarmouth, Nova Scotia—Bar Harbor, Maine, U.S.A., ferry service—deficit, 1956, $230,000.

Mr. Nowlan: This item, Mr. Chairman, covers the operating deficit of the motor vessel *Bluenose* operating between Bar

Harbor and Yarmouth. Again I would ask the minister if that simply covers the operating amount or if it includes any charge for depreciation or interest on the *Bluenose*. I also wonder if the minister could now give us the total cost of the *Bluenose*, the amount that was paid toward that cost by the province of Nova Scotia, and then after I receive that information there is one other comment I want to make in respect to it.

Mr. Marler: The estimated deficit of $230,000 is very largely an operating deficit. I would like to mention that in the operating expenses the following items are included which are perhaps not wholly an operating expense in the ordinary sense of the word. There is a fee to the Canadian National Railways of $35,000, interest on working capital $7,000 and $61,000 for the amortization of loans, making a total of $103,000 that strictly speaking might be considered not to be an operating expense.

Mr. Nowlan: What loans?

Mr. Marler: These are in connection with the facilities at Bar Harbor and at Yarmouth.

Mr. Nowlan: It is money borrowed for the construction of those facilities?

Mr. Marler: Yes.

Mr. Nowlan: I do not think anyone can criticize the size of the deficit for the first year in which that was in operation.

I would like to make one or two suggestions to the minister. He has just told us that the Canadian National is getting an operating fee in connection with this boat. I have heard from some people—some of whom are in the range of our voices now who propose to travel on that boat—about what appears to be a rather anomalous situation.

If the minister proposed to go across on the *Bluenose* as a passenger I understand that he could make a reservation in Ottawa for a certain day and embark his car and go across but he cannot buy his ticket here for some reason or other. I think this is a minor thing that should be rectified because it causes a lot of irritation.

I know civil servants here in Ottawa who have gone across there within the last few weeks. They could not buy a ticket at the C.N.R. office in Ottawa. When they arrived at Bar Harbor they had to buy their ticket there and pay excise tax to the state of Maine on their ticket to travel on a Canadian ship which was built by Canadian money. I think that is just carelessness somewhere possibly on the part of Canadian National administration.

I will be perfectly frank and say that I took this up with the passenger department in Ottawa because certainly they have always given me the greatest co-operation and I did not wish to say anything by way of criticizing them.

Recently I had occasion to go to California. I bought a ticket here from the Canadian Pacific to go to San Francisco and to return to Ottawa. They gave me what they call a prepaid voucher and thereby I saved a few dollars in excise tax which I would have had to pay to the state of California.

Mr. Marler: Tax evasion.

Mr. Nowlan: If that can be done in the state of California I think it could also be done in the state of Maine. As I have said it has caused some irritation. I think the excise tax is 15 per cent. I do not see any reason in the world why people going from Canada and travelling into the United States are compelled to buy a ticket in Bar Harbor and pay excise tax to the state of Maine. I think this is one matter that should be rectified before another year elapses.

Another matter I would like to mention is something which I spoke to the minister about a year ago. The minister, as I recall it, indicated that this was being done on a trial basis and I want to remind him again of the present system whereby the boat ties up in Bar Harbor, goes over to Yarmouth and then back to Bar Harbor. I think the minister told us at one time they were trying this—I am not trying to quote or paraphrase him in any way—but I think the effect of his statement was that we were going to try it and that it was likely or possible that we would change it, depending on the experience. I hope the experience has been such that the department is considering changing the present system.

There are several reasons that could be advanced which make a change desirable. One reason is that the crew is practically all Canadian and is made up of Nova Scotians and they are compelled to live in Bar Harbor because they tie up there every night. Another matter is that Canadian and United States tourists have to stay in Maine at Bar Harbor overnight. This is good for the hotel keepers and hostels at Bar Harbor. More than one United States tourist in my own town tell me that when they started on two weeks' vacation they would have preferred to spend the first night of that vacation in what they called "a foreign country", in other words Canada; but they have to go to Bar Harbor, stay there overnight, get up at 4.30 in the morning and catch the boat.

There are several other reasons that could be advanced. This present system is detrimental to the hotel business in the western part of Nova Scotia. Perhaps there is some advantage in it to my friends in the eastern part of the province who can get in their cars and catch the boat at 2.30 in the afternoon, but the present system results in a fairly substantial loss to the people of western Nova Scotia. Some Americans have told me that when they started their vacation they would have preferred to spend the first night in Canada, a foreign country, rather than in Maine. I think this is something the minister could again review and see if, having tried it on the present basis, a change could be made in order to learn whether a new system would be just as effective.

The third suggestion I mentioned a year ago is this. There has been a great deal of criticism concerning the rates which are imposed on truck transport on the boat. I realize that transport rates are fixed by various yardsticks, one of which is what the traffic will bear. Certainly in the summer time when the tourist season is on the traffic will meet the rates which are now being imposed because there are reservations every day and the boat could probably carry many more cars than it has facilities to carry; but some time around the middle of September the volume of traffic is going to fall off rapidly and I suspect the boat will not have such a heavy loading. At the same time there is going to be an increase in the trucks going from Nova Scotia to New England, particularly this year, because of an abnormal situation which has developed whereby the apple crop in many parts of the United States has been hurt by frost. There is every indication that barring hurricanes there is going to be a substantial movement of apples and other farm products as well from Nova Scotia into the markets of New England, and this presents an opportunity to develop a market there which would be of great importance in the future.

I have been told this by fruit exporters and I got this second hand from them, but I understand that the rates presently charged by the Canadian National, shall I say, are such that it would be cheaper to haul the apples by truck all the way up to Amherst, Moncton and across New Brunswick and into the New England states rather than taking the apples across by boat.

If this matter were referred to the Canadian National perhaps they would consider adopting lower rates for the fall and winter months. The boat is going to be crossing anyway and it will cost the same to operate it whether or not it is loaded. Seasonal rates are a recognized procedure amongst common carriers and if lower rates were put into effect this year it would substantially reduce the deficit, and would materially assist the agricultural industry of Nova Scotia and particularly the fruit growing industry, and it might also help to develop a future market in New England and be more satisfactory all the way round.

Mr. Marler: Mr. Chairman, I would just like to say a few words concerning the points raised by my hon. friend. The first two points I shall certainly draw to the attention of the Canadian National. I had heard something along the same lines of the remarks made by the hon. member concerning tickets and reservations but unfortunately I had not received any information as to what the situation really is.

With regard to the question of trucks I would just like to point out to the hon. member that we are still in a period of experiment. We have not yet had a complete 12 months' period of operations.

Earlier in the year I gave some consideration to having a seasonal rate for trucks, but after careful consideration we came to the conclusion that we should not inaugurate the seasonal rates at the present time but should give consideration to the matter when we had finished one year's operation of the vessel. I shall draw these points to the attention of the management and I hope it will be possible to deal with them satisfactorily.

Mr. Nowlan: Although the decision may have been made, I should like again to impress upon the minister the fact that there is an abnormal situation this year because of the possibility of substantial movements of fruit into New England and as far as the New York and Virginia markets. Perhaps the minister could take that into consideration.

Item agreed to.

468. To authorize the governor in council to grant to the government of the province of British Columbia a subsidy of $25,000 per mile, but not exceeding 50 miles, towards the construction of a line of railway of the Pacific Great Eastern Railway northward from Prince George in the province of British Columbia; such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the governor in council deems expedient; estimated requirement for the fiscal year 1956-57, $500,000.

Mr. Leboe: I should like to make a few observations. The committee will recall that the government has offered $25,000 per mile for 50 miles in the construction of the Pacific Great Eastern Railway going north from Prince George. You will also recall that the department of Northern Affairs and National Resources was set up, put emphasis on the

north country, and that, of course, means that we must look forward to more transportation in that area.

It is my understanding that the British Columbia government has made an extensive survey of that northern area. The object, of course, is for the promotion of a railway going north into the Yukon and on into Alaska. I think the government would be wise to avail itself of any information that could be gathered from that survey and to get a real look at the prospects for this Pacific Great Eastern Railway.

It was interesting to note that the Prince George *Citizen*, in an article the other day, said that on August 2 the President of the United States signed a bill for an international rail and highway commission to look into the prospects of building a railway to Alaska.

I think that this emphasizes the importance that is being placed on the rail connection from Vancouver into Alaska. There is news coming out of the north that there are 100,000 square miles of oil leases in the Yukon, which would naturally indicate that there is going to be a great deal of work going on in that area in the prospecting for oil. There has been a new oil strike in Muckman pass, south of Dawson Creek, which apparently is going to have a bearing on the activity in that area.

The pipe line going south from Fort St. John has now reached the stage where we have 150 miles of the pipe already welded, and this means that it is not going to be long before the scrubbing plant at Fort St. John will be in the production stage of the by-products, which is going to mean an additional amount of freight originating in that area, for the two train loads of sulphur that are expected to be released from that plant every week will be carried over the Pacific Great Eastern Railway to the pulp mills in southern British Columbia.

There has been an outstanding increase of activity and population all through that northern area. The figures in the census just completed will show a sharp rise in population and economic growth generally. This again points to the fact that this railway is of the utmost importance, with the development that is taking place in that area today, to say nothing of the development that has taken place over the years.

There is another factor as well, I think, that should be taken into account. For the past two years this railroad has made a profit for the first time in its history. I think that is indicative too of the necessity for pushing the railroad north into the Peace river country. When it is pushed through to the Peace river country, it is evident that it will save the Canadian taxpayers money because there are going to be less carloads of subsidized freight—grain—going 1,400 miles over the present road to Vancouver. It will only need to travel 700 miles. Naturally when freight is subsidized only for 700 miles instead of 1,400 miles, there will be effected a great saving of the taxpayers' money.

We have no figures available for the northern Alberta railroad to show what the freight out of that area is. The question is asked on page 2011 of *Hansard*, and the answer given shows that the dominion bureau of statistics has no figures relative to the freight carried out of that area. It will be recalled that I put three questions on the order paper, and it was found that the federal government had no statistics whatever as to the potential of the Peace river country, as far as freight or any other potential is concerned. I did not look it up, but that too may be found by looking in the index of *Hansard*.

In conclusion I should like to say that I think it is about time the government moved to clear itself in respect of the ridiculous position in which it has found itself in offering the amount of $25,000 per mile for only the first 50 miles of the railroad. Anyone who goes into that area and sees the tremendous expansion will certainly say that the figure just not does not make sense.

Mr. Green: I should like to say a few words on this particular item because in my opinion the government is not acting fairly with regard to this subsidy. It was announced in the House of Commons by the Prime Minister on June 3 last year, at the same time that he announced a subsidy to aid in the construction of the line from Chibougamau to St. Felicien in the province of Quebec. In dealing with the subsidy to the Pacific Great Eastern Railway in British Columbia, the Prime Minister endeavoured to justify the limitation of the assistance to 50 miles on the ground that there was some timber 50 miles north of Prince George and, whilst the government felt that it would be economic to build that far, it was not prepared to subsidize into the Peace river, which is a total of 271 miles from Prince George. The Prime Minister also said that in later years, if there should be some change in the situation, the government might have another look.

I point out to the minister that the admitted purpose has been to get a railway into the Peace river district so that there will be an outlet from that area to the Pacific coast by a direct route rather than having to go back to Edmonton and then from Edmonton either to Prince Rupert or to Vancouver, which is

the case at the present time. The present Minister of Fisheries dealt with this situation very clearly in 1949. At that time the government was paying a subsidy of $15,000 a mile for the extension of this same Pacific Great Eastern Railway from Quesnel to Prince George, a distance of approximately 80 miles. The Minister of Fisheries, in speaking on that question, warned the government very convincingly that the fact that they were making this payment at that time must be considered as assuming the obligation to subsidize a railway to the Peace river. I have the discussion here. His statement will be found at page 1450 of *Hansard* for November 4, 1949. The important words which I wish to stress are these:

> . . . when we are passing this appropriation I think we should be fully aware of all the implications, since we are committing ourselves to a policy of subsidizing the extension of this provincial railway.

Actually that was the situation in 1949 and it is the situation today. This subsidy should be made available for the whole extension into the Peace river district. I am not arguing at the moment anything about a subsidy to Alaska because that is not a practical question at the present time. But this line is no good at all if it only goes 50 miles north of Prince George. It has to go from Prince George through to the Peace river. The present Minister of Transport himself said last year, as found at page 6516 of *Hansard* of July 21:

> As soon as we have further information and further representations from the British Columbia government the matter will be re-examined and reconsidered.

That was a year ago and yet we find that the vote in the present estimates is only $500,000 which covers, I think, a subsidy for 20 miles. The vote last year involved a subsidy covering 10 miles, and it was only $250,000. I believe the government must face the fact that this whole extension should be subsidized. When the Minister of Fisheries spoke in 1949 there was a coalition government in power in British Columbia. I am not suggesting that influenced his views—

Mr. Sinclair: It certainly did not.

Mr. Green: —or made any difference in his remarks but it certainly looks to me, as a neutral between the provincial government and the federal government, that one reason this subsidy is not being made available for the whole line is that there is now a Social Credit government in the province of British Columbia. I certainly do not believe it is possible for the minister to justify limiting this subsidy to the first 50 miles and I do not think it is possible for him to justify a refusal to pay a subsidy on the whole extension when he is paying a subsidy on the whole extension in the province of Quebec.

I am not quarrelling for a minute with the subsidy for the line in Quebec. I think it is very appropriate. As a matter of fact, I think I was the first member in the house to insist that the line from Chibougamau to St. Felicien should be completed right away rather than being left in the air while the western half of the new line, that is, from the west into Chibougamau, was to be built. The original intention of the C.N.R. and of the government was that they would only build the line from the west, I think from Beattyville into Chibougamau, but as a result of pressure brought to bear in the house and by the residents of the Lake St. John area the government finally moved to build the whole line, including the eastern half from Chibougamau to St. Felicien.

I cannot see on what grounds the government can now refuse to grant this subsidy for the whole extension from Prince George into the Peace river area. I would ask the minister to tell the committee whether there has been any further consideration given to this subject and what the policy of the government is at the present time.

Mr. Marler: Mr. Chairman, we will talk about the Chibougamau situation when we come to the next item. I do not want the hon. gentleman to walk off with the paternity of that branch line in the way he has just done but we might talk about that subject when we get to the next item. Hon. members will probably recall that last year the government announced, as the hon. member for Vancouver-Quadra has just said, simultaneously with the announcement concerning the Beattyville-Chibougamau-St. Felicien branch line, its intention to provide a subsidy at the rate of $25,000 a mile for the Chibougamau line and also for an extension not exceeding 50 miles in length northward from Prince George of the Pacific Great Eastern Railway.

At that time the government was convinced from the information which had been placed before it and information which was already in its possession that it was doubtful whether an extension beyond 50 miles would be economic, and when I say "economic" I am thinking not in the strict interpretation of the word, that is to say, entirely self-supporting with a subsidy of $25,000 a mile. Because we believed on the information we then had that the 50 miles would be economic whereas a much greater extension would promise not to be economic, we limited our offer of assistance to 50 miles and to a sum of $25,000 a mile, which is the largest

amount of subsidy in recent years at least that has been paid by the government in respect of any project.

Mr. Green: It is the same figure as the Quebec subsidy.

Mr. Marler: Yes, but it is in fact the largest amount of subsidy per mile applying to any project in recent years, and I would say perhaps for a good many years. We discussed this question of the P.G.E. subsidy last year. The hon. member of the Social Credit party who spoke just a moment ago spoke in rather glowing terms of the P.G.E. and its prospects but it seemed to me that his argument was rather contradictory in this sense. According to his argument here was a profitable venture. If it is a profitable venture, then it does not need a subsidy. If it is an unprofitable venture, then it does need a subsidy. The question is just how unprofitable it is going to be.

Mr. Leboe: Mr. Chairman—

Mr. Marler: Perhaps if the hon. gentleman will let me finish he may find it will not be necessary to put his question. When we discussed the matter last year representations were made during the discussion that we should go farther than merely 50 miles, and so we ourselves asked the government of British Columbia to submit further facts, figures and information as to their own survey of the prospects of this particular region. The hon. member for Cariboo spoke a moment ago of the fact that the dominion bureau of statistics did not have any statistics for this area. I am sure he will realize it is not a matter of statistics but rather a matter of prospects. It is a projection of possibilities, an evaluation of what the future may hold.

We asked the provincial government to supply additional information. I say this by no means as criticism but merely as a statement of fact. It took the government of the province a long time to submit information to us in order for us to take a second look at this whole question. I should like to tell the members of the committee that we have gone very thoroughly into the further representations that were made by the province after considerable delay, and that the subject of providing an increase in subsidy—that is to say making it applicable to a greater extent of line than 50 miles—is under consideration at the present time. I do not want to express any final opinion in the matter because the matter has not yet come before cabinet. However, I do not exclude the possibility of a subsidy being provided for a greater length of line than 50 miles. I hope I have dealt with the significant aspects of the problem. If not and if the hon. gentleman wants to put further questions to me, I shall try to answer them.

Mr. Green: I hope the government is considering a subsidy for the whole of the remaining mileage to the Peace river and not merely say for another 50 miles, making a total of 100 miles that has been subsidized. As I pointed out in my earlier remarks, this is not a railway to go 50 miles or 100 miles north of Prince George. The railway does not make sense at all unless it goes through to the Peace river, and it should be treated on that basis. I hope the further subsidy which is being considered by the government is a subsidy on the whole of the 271 miles rather than on only a limited portion of that gap between Prince George and the Peace river.

Mr. Leboe: I should like to offer one word of explanation with regard to a railway being profitable and asking for a subsidy. Even if the railroad is a profitable scheme, and if it is going to save the Canadian taxpayers money—and it certainly is going to do so,—

An hon. Member: It never will do so.

Mr. Leboe: —I fail to see why the Canadian government should not participate in it. It is like your senior citizen's pension without a means test. Everybody gets it whether they have money or not. In the cafeteria, even though I have $5 in my pocket, I pay the same price as does the fellow who has a dollar in his pocket. There is no question about it at all; it is a matter of principle.

Item agreed to.

469. To authorize the governor in council to grant to Canadian National Railway company a subsidy of $25,000 per mile, but not exceeding $7,450,000 towards the construction of the line of railway referred to in chapter 49 of the Statutes of Canada, 1953-54, as branch line number 1 (described approximately as a line of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville in the province of Quebec); such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the governor in council deems expedient; estimated requirement for the fiscal year 1956-57, $2,725,000.

Mr. Marler: Mr. Chairman, I just want to deal with the suggestion made by the hon. member for Vancouver-Quadra as to his having been the cause of the government's decision to extend the old eastern section as well as the western section. I cannot admit the suggestion that it was the pressure either from the hon. gentleman or from members of the opposition that led to the government decision in that connection. Perhaps the hon. gentleman will recall that, when he made this assertion last year, I reminded him that I had also been in opposition and that I was familiar with the technique by

which the opposition claims the credit for all that the government does.

Mr. Green: That is a very nice political speech, Mr. Chairman. The minister was not a member of this house when this question first came up. I am not particularly interested in getting credit or not getting credit. The *Hansard* record will speak for itself.

Mr. Marler: Hear, hear.

Mr. Green: When that bill came up for second reading I pointed out that if only the western half of the line were built, the result would probably be that the business from Chibougamau would be turned into the Toronto area, and I urged very strongly that the eastern end of the line to Lac St. Jean should be built at the same time. In that suggestion I was supported by the hon. member for Chicoutimi, various members of the Conservative party and, I think, by one or two of the Liberal members from the Lac St. Jean area. Then when the bill went to the committee we took the same stand again. We took it when the bill came back to the house. We took that stand throughout. While I am not particularly concerned about the paternity, I certainly do not want to have my child stolen away right under my nose. If the minister is sufficiently interested and will read *Hansard* for that time, I think he will find that what I have set out this afternoon is correct.

Mr. Harrison: On item 469, Mr. Chairman, before we dispose of the railway services item, I have a few remarks to make. I think what I have to say is about as relevant to this item as to any that I can find in order to ascertain from the minister what I want to know. I should like to ask him a question with regard to the Northern Alberta Railway. This railway serves directly the northern part of my constituency. My constituents are rather concerned about the fact that the railway, after about 25 or 30 years, is still under construction. Being under construction after that period of time has elapsed means only that this is a device for limiting service and increasing the freight rate. For some years that might have been something that you could justify because it was regarded as a fur trade route that had served for Mackenzie and so on, but those days have disappeared.

The Chairman: Order. I am sorry to interrupt the hon. member but I must point out that this vote is strictly confined to the railway between St. Felicien and Chibougamau. I am afraid that the remarks he is now making are out of order on this item.

[Mr. Marler.]

Mr. Marler: Make them under item 494, under board of transport commissioners.

Mr. Harrison: Very well.

Item agreed to.

471. Railway employees' provident fund—to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1956, to March 31, 1957, the sum of $30 per month, instead of $20 per month as fixed by the said act, $11,000.

Mr. Purdy: I just want to say a word on item 471 as to the railway employees and old employees on the Intercolonial Railway, whereby we are bringing their pensions up to $30. That is not good enough for this day and age. I would ask the minister next year please to take under consideration increasing this vote to bring the pensions of those retired intercolonial railway men up to a little bit more than $30 and at the same time to try to see if he cannot bring their widows under the provisions of this fund.

Mr. Vincent: With regard to the South Shore Railway, I wonder whether the men will be given any benefits since the railway—

Mr. Marler: Mr. Chairman, I am afraid these remarks have no relevancy to the item that we are discussing at the present time.

Item agreed to.

General—

473. To provide for the expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them in connection with the inquiry, $32,000.

Mr. Bell: I wonder whether the minister can tell us when we may expect some word from the royal commission on postal shipping?

Mr. Marler: Mr. Chairman, I am afraid I am unable to give a positive answer to the hon. gentleman. I have made some very casual inquiries to ascertain when the report was likely to come to hand, but I do not think it is likely to be much before the end of the year. I have not had any positive assurance from the chairman. I could not do more than merely hazard an expression of hope that it perhaps would be about that time.

Mr. Bell: The minister does not anticipate any unreasonable delay in its findings?

Mr. Marler: I do not think any delay is likely to be unreasonable. I think that the members of the commission are very well qualified for the task they are performing. I think that any delay that might be so

called is attributable to the fact that they are giving the matter the most serious consideration.

Item agreed to.

Air services—

474. Air services administration, $816,760.

Mr. Hamilton (York West): Mr. Chairman—

Mr. Barnett: I have one or two remarks that I should like to make on this.

The Chairman: The hon. member for York West.

Mr. Hamilton (York West): I intend to talk about competition, but I did not know I was going to meet it so quickly.

Mr. Marler: You have a monopoly now.

Mr. Hamilton (York West): There will be a monopoly for a few minutes, that is quite true. As a matter of fact I had prepared my notes for these remarks as long ago as March 16 and I have now had about six days of silent waiting so far as these estimates are concerned. Actually, I do not know whether this is a good day to talk about competition anyway because we seem to be facing competition with Marilyn Bell and the democratic national convention, so we find it fairly hard going right here.

I am not going to repeat what I have said before in connection with the overall competition picture in so far as our air services are concerned. As a matter of fact, I feel that the case for competition has been made out very well by several speakers in the house and certainly has been made out before the agency set up by the government to consider such matters, the air transport board. I should like to say, however, that the theory of competition in air transport matters deals with the protection of air routes and not with the protection of companies. I think that the whole idea is to ensure that a particular air route is allowed to develop so that adequate service may be obtained to any point on the route and it is not designed specifically for the protection of a company. Once it is assured that the particular areas in Canada do have adequate air transportation, then I think it is time that we looked at the position of the companies involved as to whether it might be possible to widen the scope of the service by the introduction of other air lines.

This particular matter, as it affects the whole industry from top to bottom, has been referred to in the press almost constantly over the last two or three years. As a matter of fact, two very able writers for our daily newspapers, Allan Kent of the *Telegram* and Muriel Snyder of the *Globe and Mail*, have, in a series of articles, set out very adequately the present position of the case for competition. I might refer to just a few remarks that they have made by reading perhaps a sentence or so out of each of the articles as we go along.

Here is one which says:

> Consider the plight of the general manager of a laundry whose president insists he must use washboards and not washing machines—all because the president is interested in developing a washboard factory.

This reference, of course, is to the fact that the government owned air line was saddled with tourist class equipment long after the leading air lines in the United States were able to have much more up to date equipment.

Here is a second little paragraph which says:

> Trade Minister C. D. Howe's determination to protect T.C.A. against competition wherever possible is depriving Toronto of the status of an international air terminus.

Here is another one:

> A beautiful dream—quite an intriguing one, though some people thought it impractical—was outlined last December to the air transport board who promptly shattered it.
>
> It was a plan to inaugurate an inter-city aerobus service across Canada from Halifax to Vancouver, which would be something like street car service—you'd just hop aboard the next one to come along.

Mr. Marler: Will the hon. member permit a question? Is he personally in favour of the kind of service that Pacific Air Lines was talking about and which is covered by the newspaper clippings to which he just referred?

Mr. Hamilton (York West): I would think that is an unfair question.

Mr. Marler: I will withdraw it, then.

Mr. Hamilton (York West): I would think the question to be determined is what type of company should provide the competition, and that should be decided by the agency set up to consider such problems. I think it is well established that within government policy the air transport board is that governmental agency. I do not believe we here should decide that any particular company or any particular plan should be the one when such an agency exists.

I might go on to answer the minister by saying this, that the attitude of the government has been such that it would discourage almost any operator from making such an application to the air transport board. It might be wise, in view of the lapse of time since we had the air freight hearing in Ottawa, for the board, under its terms of reference, to hold a hearing to determine at this time whether competition on a national

basis should be permitted. I might say that I am not exactly sure that the overall competition picture may require one service from coast to coast. It may be that there are secondary air companies which could provide this service on the basis of Winnipeg to Vancouver and another one from Halifax to Winnipeg. It may be that such competition now may consist of only two or three flights during the week during peak load periods. There appears to be a lack of space at peak load periods which could be taken care of without any detrimental effect to the government owned air lines.

I am not going to read the rest of these articles because apparently the minister does not find them too pleasant to listen to. I might say that one of them referred to the fact that someone had suggested in the house that perhaps we might even dispose of the government owned air lines to private interests. I think perhaps the writer was referring to the hon. member for York West. He asks who would buy it, principally because he says the return on the money is not great enough to interest investors. He points out that on a comparative basis the net return on the invested capital in comparison with other world operating air lines is very low. I am quite sure there would be an adequate number of people here in Canada quite prepared to invest in this type of enterprise. I might point out that there was an article in the *Telegram* just the other day which said that K.L.M., the Royal Dutch Air Lines, is prepared to issue common stock to the public and some may be sold in North America. So far as I recall, Mr. Chairman, this is a government owned air line and here is a situation where even Canadians may have an opportunity of buying into this company. I would suggest that there are plenty of patriotic Canadians interested in our air development who would be ready to take advantage of the opportunity to invest.

I may say I am pleased to see the Minister of Trade and Commerce has entered the chamber because I am speaking about one of his particular babies and perhaps my remarks should be addressed to him and not the Minister of Transport. There is another phase I should like to speak about in connection with competition and that is the international picture which is now developing. I believe that the gateway principle, in so far as international aviation is concerned, is going to be as dead as the dodo, the same as the steam locomotive. If we are going to pursue a policy of attempting to funnel international traffic by our own government controlled air lines into a particular port for embarkation overseas, then we are going to hold back the progress of international air travel in this country. It would appear that is the line we are presently taking. The Canadian Pacific Air Lines had great difficulty in reaching a stage where they could carry out overseas operations from Vancouver.

I know someone will say it is the international air transport association that effects and supervises the rates in connection with that transportation, but we have the situation —and I presume it is subscribed to and agreed to by our own national government air carrier—that even if you fly 1,500 miles less to go to Europe by Canadian Pacific Air Lines, you will have to pay the same fare that you would pay if you flew from Vancouver to Montreal and flew from there overseas. If that type of attitude is going to be carried out, as I say, it will minimize our chances of being in the forefront of international air travel development.

The same situation concerns our companies in connection with other runs; that is, the narrow point of view that we may lose eight or 10 passengers a week from Windsor to Toronto who take a trip to Mexico city prevents our international and other international carriers from landing in Windsor as well as in Toronto. Surely, that type of flight should be permitted to land in Windsor, Toronto and Montreal and surely the fortunes of our national air carrier service are not so tightly squeezed that they cannot stand losing the number of persons who once or twice a week travel between those cities to catch an international air carrier.

Mr. Marler: That was part of the agreement with the Mexican government. That was a condition imposed by the Mexican government, not by ourselves.

Mr. Hamilton (York West): I would say this, Mr. Chairman. Probably this government did not waste any too much effort in ensuring that those stops were asked for and obtained in an international agreement.

Mr. Marler: Will the hon. gentleman permit me to interrupt him on that point? I am just going to ask him this question. As between Canadian Pacific Air Lines flying between Windsor and Mexico and the Mexican air lines flying from Windsor to Mexico, which line would the hon. gentleman use?

Mr. Hamilton (York West): I do not know whether this question has anything to do with what I am saying, but I am quite satisfied that I would use Canadian Pacific Air Lines.

Mr. Marler: That was just exactly what the Mexican government thought. If the competition were between the two air lines from

between the same two points, Windsor to Mexico city, their air line would not get the business.

Mr. Hamilton (York West): I am quite sure that with respect to the Mexican air line—if they have a minister of transport, and I know they have because I have been down there—if the minister of transport were asked the same question he would get the same answer, namely, that those who are flying from Mexico in all likelihood would have a preference for flying on his air line. Surely, if both carriers were accorded this privilege the public would have the advantage. Now, these particular observations apply not only to Toronto but apply, and will apply in the future, to cities like Winnipeg which at the present time might be able to have the advantage of direct service to Europe, which they have not at the present time.

In the foreseeable future, direct service will be available from the major cities in Canada, or should be available, if this government sees the light, for people to travel directly to Europe. When I say "direct service" I can easily see it happening to Edmonton. Certainly, I think it could be made available almost immediately there. It could be made available to Calgary and to cities of that kind. If we are looking ahead I do believe it is time that we dropped the gateway principle in so far as our international air traffic is concerned.

Mr. Howe (Port Arthur): May I ask my hon. friend a question? Would he arrange to let any foreign airline drop into any city it liked and pick up passengers?

Mr. Hamilton (York West): Mr. Chairman, I am having a very busy time with the government benches. No, I do not think I would let it drop into any city. I do not see any necessity for that question. I believe the traffic potential will be there. The question of how many lines are required to serve that particular potential may be surveyed by your agency and determined at that time whether it is ready to absorb, or at least fill, the demand for the service.

Mr. Howe (Port Arthur): Regardless of what rights we have in the other man's country, I suppose?

Mr. Hamilton (York West): No; I would think you would be bargaining for rights in the other country.

Mr. Howe (Port Arthur): That is your idea.

Mr. Hamilton (York West): I might ask the minister this. Does he not see the time in the future when one will take off from Chicago or Detroit and fly directly to Europe, and when one will take off in Toronto and fly directly to Europe? Does he not see that in the future as far as he is concerned?

Mr. Howe (Port Arthur): No, I would not think so; no.

Mr. Hamilton (York West): Well, then, I should say that the minister's optimism which is usually quite apparent in this house does not apply in the particular instance where it affects his government-owned airline which he has brought along, and I may say brought along very well, from infancy; but surely we are not going to pull down our sights at this stage and end it there.

Perhaps I might be allowed to go on. I think I have built up a fair case in the past on precedent and on quoting cases. I am not going to do that today, but I should like to repeat, if I may, the Prime Minister's words, dealing with competition in the air field. This is what he said before the air industries and transportation association in November, 1953, at which time there was no decision yet in the application for a competitive air freight system.

> I will assure you that the government does not necessarily intend to guarantee every operator a permanent monopoly in his area.
>
> Let me assure you that whichever way the decision goes now—

And he was referring to the Canadian Pacific Air Lines case.

> —it will not in the long run be a decision in favour of perpetuation of monopoly conditions. I have stated many times, before representatives of other industries that the government to which I belong believes that as a general rule the public can be best served under competitive conditions. And I believe that once the air transport industry is soundly established, the decisions to be made by any Canadian government should be in favour of opportunities for competition.
>
> And in view of the tremendous development of our resources that has been taking place, a development which shows no sign of relenting, the demands for the services of commercial aircraft should increase to such an extent that increase in competition will be both desirable and beneficial.

I do not think I have to look any further for an authority in connection with this situation than the Prime Minister of this country, Mr. Chairman, and I ask again, as I have asked before, have we not reached the stage in our development covered by the quotation I have just read?

This particular feature does not simply affect the operation of a couple of air companies. Clamping down on competition at the top is felt right through the industry. If one has travelled through the north country he will have seen that there has been a foreclosure to a great extent on the expansion of adequate air services. Of course, if we are to have this service we have to improve our airports. I know the minister has said that

conditions in Europe are different. They may have one major airport in a country and that is all they have to worry about and they are really doing a nice job on it; whereas we have 3,000 miles and many airports to look after. But I for one find little excuse for the condition, as an example, in which we find the Malton airport today. I have articles here which say that agreements are being reached and that plans are going ahead. As a matter of fact, Malton is a disgrace to the city of Toronto. The airport facilities there are entirely inadequate, and the plans which are being undertaken now to push out a few partitions leave conditions still in the position where people are being herded in and herded out like cattle. In addition, I may say, even the washrooms are a disgrace. It does not matter what time of the day you go there, they are never clean. I do not blame the contractor, if there is a contractor on the job. I simply say the facilities are so inadequate that it would be almost impossible to do anything about them.

When I read a heading in the *Telegram* about what we are looking forward to, about Malton being one of the great airports of the world—that is, provided we can have the Minister of Trade and Commerce raise his sights a bit—if we are getting ready for that stage then I should say we certainly are not making very rapid progress.

There is one other matter I would like to speak about before I sit down and that is the question of over-all safety. Very seldom now does one leave a civil airport without hearing the whine of jet aircraft in one's ears. I noticed an article not too long ago which gave an indication that jet military aircraft were not going to be allowed to operate from civilian airports. When I asked the minister about it in the house I was informed that there were no plans concerning this.

I think people should realize we are entering a new stage in air transport development when we can talk about jet military aircraft and super constellations in the same area that may be approaching each other at the same speed as a Colt automatic bullet. It takes at least three miles for a pilot to be able to see the image and transfer it into action by avoiding danger that might be involved.

In addition to this we have had two investigations in the United States which have disclosed that there is an indication that the turbulence set up from the wing tips and jet engines of jet aircraft constitutes a great danger to lighter types of planes. The boards of inquiry have come to the conclusion in two cases that the only explanation is that getting into such a situation has resulted either in complete loss of control of the aircraft or disintegration of the plane itself.

[Mr. Hamilton (York West).]

I think there was some indication of that happening in the Toronto area in the loss of an Otter aircraft not too long ago.

I would suggest, sir, that consideration be given immediately to the separation of military and civilian aircraft at civilian airports. This may not mean a great expense because we have a great many unused airfields some of which are in commuting distance of our major cities. With car travel as it is today it would be possible to commute back and forth.

As far as the safety situation is concerned I believe that in Washington they are presently working on a reduced speed plan not just in the immediate airport area, which I understand to be within three or five miles, but in the general area of about 30 miles, and they are extending their landing pattern to that extent. I understand that good results have been obtained in Washington as a result of this reduction in speed. It appears to me that something of that nature is necessary over and above the separation of flying heights which has been the plan of the department and by which certain aircraft fly above 9,500 feet. In fact, I do not think this alone will overcome the real danger which exists in the airport areas.

One matter which comes to mind in connection with the dangers of the situation is the matter of investigations of accidents. I am not going into a lengthy discussion of what the Canadian pilots association has charged plane operators and the government with or the answers that were obtained, but I think it is notable that in one case partial responsibility was placed on the department. As I understand it, this was the only occasion on which an outside party has been appointed as a member of the board of inquiry.

In many instances we do not appear to receive any answer as to the reason for these accidents although the R.C.A.F. has a good record as far as investigations are concerned. I understand they are able to trace down the cause of the accidents in almost 90 per cent of the cases.

I think that in the future if there is an indication that the operator is at fault there should be a new method of assessing the situation and conducting the investigation. A board of inquiry might include an officer from the R.C.A.F., a member from the Department of Transport and an outside party as well. If this procedure were followed it seems to me we would be able to leave a better taste in the public's mouth concerning the findings of many of these investigations.

In conclusion I would repeat that I am hoping the vision the Minister of Trade and

Commerce displayed in 1937 and 1938 will not be restricted in 1956. We are on the threshold of great developments in the air transport field and at one time this country was rated No. 1 in this regard. With the great stretches of territory we have in Canada it is most essential that rapid development take place here. I hope we lift our sights and insure that we will soon be in the top spot again.

Mr. Gillis: Mr. Chairman, I merely want to obtain some information. I agree with what was said by the hon. member who has just resumed his seat concerning the fact that the pattern of air travel is changing rapidly and it is in connection with this change in pattern that I would like to get some information from the minister.

As the minister is aware, the airport at Sydney is one of the main stations for the overseas trade. Most of the ships from Europe, England and many from the United States returning from Europe use that port. It is pretty busy all the time.

I observed an item in the press this morning to the effect that T.C.A. proposes to put into service a larger jet ship which would carry 120 passengers. In view of such developments I am wondering about the adequacy of this particular airport to retain its place of importance in the overseas trade.

The runways at that station are about 8,000 feet in length and I am informed it will require a runway at least 4,000 feet longer than that to accommodate the type of aircraft that it is proposed will be in use in the not far distant future.

My reason for raising the matter at this time and seeking to obtain information from the minister is that this is a question which has been agitating the board of trade in the Sydney area for some considerable time. They have been in touch with the department with a view to ascertaining if it is the plan of the minister's department to make any extensions or renovations at that airport.

In the same connection there is another matter I would like to mention. The passenger building at that airport is an old converted hangar. The general set-up there is, I think, as good as any in Canada; certainly it is better than the airport at Malton or Dorval. The service and catering are both good. They are able to handle the immigrants arriving at that station very expeditiously. However, the roof on that old hangar is nearly as high as the roof of this chamber and the old roof girders are exposed. It would not be an expensive job to cover up that overhead mess. The fact that it is uncovered means that the building is cold and drafty in the winter months and it is difficult to work under those conditions.

I took the matter up with the minister's predecessor on several occasions and I thought I almost had it nailed down, but Mr. Chevrier went on to other work. Is the minister in a position to give me any information as to whether there are any plans with respect to the expansion of the airways and the renovation of that station and is he prepared at least to think about doing something about what is a very bad sight?

Mr. Marler: If I might deal with the question the hon. member for Cape Breton South just raised, I should like to tell him in a general way that the introduction of jet aircraft is unquestionably going to thrust upon us a very considerable burden in the matter of the extension of runways at a great many airports in Canada. If I were not optimistic in my outlook, I might be somewhat oppressed by the magnitude of the expenditures that seem to be in prospect. But I think the hon. member will agree that these difficulties in anticipation are always greater than they are seen to be when we are faced with reality.

Bearing that fact in mind, I am not discouraged or oppressed by the magnitude of the expenditures that unquestionably we shall have to make in order to meet the changed conditions that jet aircraft are going to bring about. Having that principal thought in mind, I am quite sure that the hon. member will agree with me that we must place the emphasis first on the essential facilities, and by that I mean runways and facilities for safety in the air, rather than on what I might describe as conveniences.

The hon. gentleman has referred to the terminal building in Sydney, which I know, though not nearly as well as he does. I can think of several places in Canada that would be quite happy if we could transport the building at Sydney and place it elsewhere. I am quite appreciative of the fact that the people of Sydney would not care for the idea, but the building is by no means a bad building, and I would doubt very much if I should hold out any real hope of making any substantial change to the building in the near future. I am quite sure that members of the committee will agree with me that the emphasis must be on the facilities for the aircraft themselves, so as to make air travel possible, rather than on providing excellent terminal facilities.

Before I leave that subject, I should like to say that very recently we initiated discussions with T.C.A. as to the works which they believe will be necessary in order to

meet their program of expanded services and at the same time to meet the different operating conditions that will be created when we have jet aircraft, when we have to increase the number of points served by Viscount aircraft and when we consider particularly the places that will be served by these long-range jet aircraft. Those discussions are going to be resumed very shortly, but I will say that there will be an extensive program of work to be carried out.

Now I come back to the question of competition, which the hon. member for York West mentioned in his remarks. I am not going to try to deal with the subject quite as fully as he has done. I am quite ready to admit that there is much to be said for those who argue in favour of competition but I do not think that those who are arguing for competition are being realistic about the matter. I think their arguments are based primarily on theoretical considerations and do not take account of the realities of the situation in Canada.

I know that the hon. gentleman knows full well that it is quite difficult, looking across the whole field of national and international aviation, to find countries where there are truly competitive services. We know, of course, that in Europe there are competitive services between points such as London and Paris, London and Zurich, Athens and Rome, and one could go on multiplying the examples very easily, but when you look into those cases you find that the so-called competition exists because the service was established as a result of a bilateral agreement between the two countries concerned. Each country, quite naturally and quite properly, was interested in providing its service through its national airlines so that it could share with the airline of the other country concerned the business that was there to be developed.

However, though I have looked very carefully to find examples that would seem to justify the opinions of those who believe that we should have competition of the same kind in Canada, I cannot say that I have succeeded in finding any example that seems to me to have any very real merit. I do not want to bore the members of the committee with a lot of figures, but when one examines the volume of traffic carried between, let us say, the European capitals or between important cities in the United States where there are these competitive services, we find that they are so much greater than anything we have in Canada that they invalidate entirely the arguments in favour of competition in Canada right across the country.

I am going to give just a few figures. I have not the figures for 1955, but in the case of the service between London and Paris in 1954 the total number of passengers carried was 415,000. As far as I can make out, that is the biggest of the intercity services in Europe. Let us look at some of the figures in the United States. Between New York and Chicago there are four major airlines operating services. When you look at the total of their figures you find that in 1954 these four lines between them carried 541,600 passengers. Between New York and Boston, another service where there is heavy traffic, three airlines divide up the business, and there were 534,600 passengers in 1954. Between Montreal and New York, a service which was divided between Colonial and T.C.A., there were 166,700.

We have no service in Canada that comes anywhere near to approaching those figures. I have figures here for the passengers between Toronto and Montreal. I do not think it includes people who would be travelling from Montreal to Toronto and on to Winnipeg, but it gives a good idea of the volume of business between Montreal and Toronto. In 1954 the total was 101,000. Here we have an example of the two cities between which the traffic is at the highest point, and the total is only slightly in excess of 100,000, whereas, as I pointed out, the London-Paris service is over 400,000, the New York-Chicago and the New York-Boston each over 500,000.

I am not trying to argue that it would not be possible in theory to establish competitive services between Montreal and Toronto but I think it is foolish to consider only this one rather small aspect of the whole problem. What is important is that as Canadians we should take an over-all view of the situation. If we do that we can reasonably say to a nationally owned line: We want you to provide a transcontinental service and we want you to provide other services which are not inherently paying and are not inherently economic. I do not believe we can expect that to be done if we are going to say the field is open, anybody can compete, and whoever can stand the competition wins out.

Mr. Hamilton (York West): May I be permitted a question?

Mr. Marler: Certainly.

Mr. Hamilton (York West): I do not think we have suggested that just anybody should come into the picture. Would the minister answer this question. If we have eight transcontinental flights today and it becomes apparent that two more are needed, would there be any detrimental effect on the

nationally owned air line if one other operator, no matter whom it might be, were permitted to handle those two extra flights?

Mr. Marler: I suppose it is a question of degree. It seems to me that when one looks at it in the abstract one might be inclined to say that it would not make any difference, but I think when you come down to examining it you will find that the moment you establish two air lines you must immediately establish two ground organizations, and when you establish two ground organizations then, I think, you have ultimately to divide the business between the two operators. When you do that you come to the point inevitably, I think, that both cannot operate at a profit, which means that you have a choice between competition and a subsidy on the one hand or the kind of thing we have now with service at cost to the Canadian people.

I think that is the essence of the matter, and quite candidly I believe that the policy we are now following with respect to T.C.A. is conducive to the development of civil aviation in the best interests of Canadians. I cannot believe that competition can have any other effect than that of raising the cost to Canadians either through higher fares or through the necessity of providing subsidies to keep the operators going.

Mr. Hamilton (York West): How does the minister reconcile his closing sentence with the statement made by the Prime Minister three years ago?

Mr. Marler: I have read what the Prime Minister has said, not only on the occasion to which the hon. gentleman referred but on other occasions, and I did not find anything in what the Prime Minister has said that suggested that any time in particular had been fixed when competitive services would be instituted. When the Prime Minister spoke in the house on November 16, 1953, on the question of competitive services he quoted what Professor Curtis, I believe, had said on the subject and I do not see any harm, even if it does take a minute, in putting on the record again the words the Prime Minister cited. The Prime Minister said that the matter had been put in a manner that had made some impression upon him, and then he quoted these words:

> Competition is only useful for what it achieves. If it achieves greater efficiency, lower costs and charges and better service, it is an admirable principle to insist upon. But if it achieves over-expansion of expensive facilities with division of the market amongst competing carriers, it will lead to heavy burdens on carriers, shippers and taxpayers alike.

I do not think I can improve on that quotation, and I think it shows very clearly what was in the Prime Minister's mind at that time.

Mr. Gillis: The minister's answer to my question was not very informative. I asked him a specific question with respect to a specific airport. Press dispatches I have seen would lead me to believe that the Sydney board of trade is afraid of the airport there being by-passed unless some renovations are made. I should like to ask the minister if there is any possibility of that happening.

Mr. Marler: I wish I were sufficiently omniscient to be able to predict the future accurately. I think a great deal is going to depend on the pattern of flying that develops once jet aircraft go into operation. Their range and speed are so much greater than that of aircraft now flying the north Atlantic. They are talking, for instance, in the case of the DC-8 of a speed of 600 miles per hour, and I should not be at all surprised if we find, just as the hon. member for York West suggested a little earlier, that we may have flights leaving London and flying directly to Montreal without any intermediate stops.

What is perhaps more important is the situation at the moment in Sydney, and I do not hesitate to tell my hon. friend that Sydney is on the list of airports at which T.C.A. is asking us to do some work. I do not think it is contemplated that there should be a runway extension of 4,000 feet. I do not know how long the existing runways are, but I do not think it is contemplated that it should be quite as much as that.

Mr. Diefenbaker: Mr. Chairman, I must say that the arguments advanced by the minister in opposition to the need of competition for Trans-Canada Air Lines seemed to me to lack the cogency and logic usually exhibited by the minister. He seemed to be labouring at some length and with considerable diffidence to advance the argument that there would be no improvement in air service in the event that there was competition.

Mr. Marler: I do not think I said just that.

Mr. Diefenbaker: No, the minister may not have said quite just that. He contended that if there was opposition subsidies might be necessary.

Mr. Marler: If there was competition subsidies might be necessary.

Mr. Diefenbaker: Yes. He joins the two together.

Mr. Marler: Higher fares or subsidies.

Mr. Diefenbaker: It seems to me that argument is one that would be dissipated very shortly if an opportunity were given for competition. I am one who uses Trans-Canada Air Lines a great deal and I have a

high regard for the officials of that organization. I believe there would be a vast improvement in the service with competition because, human nature being what it is, an organization that has a monopoly over a service function such as Trans-Canada has does not exert diligence like that exerted by those who are subject to competition.

However, it was not that matter I rose to discuss for a moment. I wish to refer to the need for establishment across the northern areas of Canada of a freight or cargo line. So far as the western provinces are concerned, generally speaking Trans-Canada today serves the southern portions of those provinces. The minister will immediately say that Trans-Canada passes through Saskatoon. Saskatoon is at least 250 miles south of the centre of Saskatchewan. That gives one some indication of the fact that the concentration of Trans-Canada service is in the southern portions of the western provinces.

Two or three years ago an application was made on the part of Canadian Pacific Air Lines to permit the establishment of a regular freight or cargo service from Montreal to Winnipeg, thence through northern Saskatchewan, thence to Edmonton and finally to Vancouver. The development in the northern portions of the western provinces in recent years has been phenomenal. Anyone who has not visited northern Alberta, northern Saskatchewan or northern Manitoba has no conception of the mineral development that is taking place. Surely we in the western provinces, in those northern portions that deserve service, should not be denied cargo freight service when Trans-Canada Air Lines itself refuses to inaugurate such a system but adopts this attitude toward a competitor that is not asking for any subsidy but wants to establish a regular freight cargo transport service.

Mr. Marler: Where does the hon. gentleman mean with respect to this cargo service? Is it transcontinental or what?

Mr. Diefenbaker: As I recall it, the original application was from Montreal to Winnipeg or to The Pas, Prince Albert, Edmonton and then on to the coast. Trans-Canada Air Lines is denying the development that should be available in those northern portions of our country by adopting a dog in the manger attitude in this regard. It refuses to enter the field itself. Canadian Pacific Air Lines does not ask for any subsidy. It asks merely for the opportunity to perform a service that is necessary.

Mr. Marler: You mean they did ask. They are not asking now.

Mr. Diefenbaker: They what?

[Mr. Diefenbaker.]

Mr. Marler: They did ask. They are not asking now.

Mr. Diefenbaker: Oh, that is not correct. I say that with great deference. They asked the right to establish a line.

Mr. Marler: That is a question of the past but not of the present.

Mr. Diefenbaker: I am going to ask the minister whether further application has been made. As I recall the matter, when they made their application two and a half or three years ago Trans-Canada Air Lines said "No, under no circumstances". We are being denied—I refer to Winnipeg; The Pas; Prince Albert; I am not so sure about North Battleford, whether it was to connect there or not; Edmonton and thence on to the coast—the freight cargo service for which there is available traffic sufficient to permit Canadian Pacific Air Lines to inaugurate it. However, it is faced by this monolithic organization that refuses to go into the field itself and stands in the position of guard against those who would.

The boards of trade throughout western Canada particularly have asked that something be done in this connection. There can be no justification for the holding back of advances in transportation on the bare supposition that some time Trans-Canada Air Lines will feel constrained to establish a government freight cargo service. I care not where one goes throughout western Canada, in every province there is a constant and continuing demand for service which is being denied. Because of that denial there is denied to vast areas the advancement and development that would otherwise take place.

When my hon. friend advances arguments in opposition to the establishment of a competitive passenger line, his arguments cannot in any way apply to a freight cargo line for which there is a demand; for which there have been repeated requests from boards of trade everywhere; and in respect of which mining corporations, expanding as they are, provide a fertile source of traffic. But Trans-Canada Air Lines stands as a guard against that development. It was never intended that so paradoxical a situation should be created that the creature of the government should deny expansion in this country because it stands, as it were, as a bulwark against private enterprise performing a proper, necessary and desirable function.

The minister says there has been some change in the application.

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

Mr. Diefenbaker: Two years ago or thereabouts the Prime Minister said that reconsideration would be given to this question.

At that time he indicated that that reconsideration would not be far removed. We have now waited for a year and a half and there has been no change in so far as the public is concerned. I would ask the minister to explain why this situation should exist. With the vast developments that are taking place in my own province and which are making for a potential uranium production unequalled anywhere in the world; when in the neighbourhood of Lac la Ronge vast copper finds are being made; when in the neighbourhood of 60 miles northeast of Prince Albert a tremendous area is now being weighed with a view to ascertaining its potentialities as one of the great iron-producing areas of Canada outside of the Labrador area and the province of Quebec, when Trans-Canada Air Lines is unwilling to take the step which is so necessary, namely to inaugurate a freight cargo regular service, why should they not be willing to step aside and allow private enterprise to do it, whether it be Canadian Pacific Air Lines or another air line, whatever one is prepared to give the best service, and having regard to previous performance and financial reliability? Why is it that this service should not be permitted?

I would ask the minister to go into this question at some length, for it represents one of the major reasons—I refer to the failure to establish this service—that we in the western provinces find ourselves discriminated against in respect of freight rates to a degree that in other provinces of Canada would not be tolerated.

Mr. Marler: Mr. Chairman, I am not going to take very much time to reply to the hon. gentleman, despite his invitation that I do so at length. The hon. gentleman's speech might well have been made in 1953; but the conditions in 1956 are not the same as those that existed in 1953. The hon. gentleman speaks of T.C.A. having refused to go into the field themselves. He says he does not care where the services go, that we should consider this application of Canadian Pacific Air Lines.

There is no application of Canadian Pacific Air Lines that is currently before the air transport board for a cargo service. The hon. gentleman knows that there was one in 1953, but that it was rejected. When an application is rejected, a new one must be made. No new application has been made. But the most significant fact that has escaped the hon. gentleman entirely is that there is daily—from Montreal to Toronto, to Winnipeg, to Edmonton and Vancouver—an all-cargo service operated by Trans-Canada Air Lines. I do not see how he can suggest that we should have another. The great difficulty about an air cargo service is that the traffic is strictly one directional; it moves westward, but very little moves eastward.

My own assessment of the situation, without having studied the figures with great care, is that there is enough for one, for one flight per day, but not for two. So far as the service to some of the other points the hon. gentleman mentioned is concerned, for the most part Trans-Canada services are east-west lateral services, whereas the private operators are carrying on, I think at some profit to themselves, operations in a north-south direction or vertically. How can the hon. gentleman suggest, when he already complains against the T.C.A. monopoly, that T.C.A. should invade these fields which are taken care of by private operators? All I can say, Mr. Chairman, is that the hon. gentleman has gone astray owing to the fact he does not know about this cargo service which is run daily.

Mr. Diefenbaker: I know about that, but that does not help us at all in the northern part.

Mr. Marler: I take it the hon. member for Prince Albert is also saying that somehow or other we should also have the Canadian Pacific in there. There is nothing to stop Canadian Pacific Air Lines from making an application. I doubt if they want to.

Mr. Diefenbaker: My hon. friend has removed himself from the ambit of my argument. I am speaking about the northern parts of Manitoba, Saskatchewan and Alberta, thence to Vancouver, not about the southern part. The southern parts of those provinces are well served by T.C.A., but T.C.A. is not in the northern part; and because T.C.A. is not in the northern part we are asking, whether it be Canadian Pacific Air Lines or some other private corporation, that there be established a cargo freight line through the northern parts of those provinces.

Mr. Marler: Many of those points have service already, including C.P.A.

Mr. Diefenbaker: When the last application was made, you opposed it.

Mr. Marler: We are talking about the 1953 application, which was for an east-west service.

Mr. Diefenbaker: I am not speaking about north-south, I am speaking about east-west. I mentioned Montreal to Winnipeg to Le Pas and so on through the northern portion to Vancouver. The minister said there has not been a recent application. The Prime Minister indicated that reconsideration was being given to the question and there might not be opposition.

Mr. Marler: When did the Prime Minister say that?

Mr. Diefenbaker: About a year and a half ago; it would be in May, 1955. I am glad to hear that suggestion. The minister says that no application has been made recently. A company is not going to make application knowing that it is going to be opposed and that the same result is going to be achieved which was achieved the last time. There is no use in an applicant, however worthy, butting its head against a stone wall of opposition. The air transport board will not consider the application if it is a matter of government policy that this northern route shall not be permitted for air cargo.

The minister says let us talk about the situation today. I give him an opportunity to talk about it. If an application were made now to the air transport board for a northern route, would the government take the same stand it did two and a half or three years ago and oppose it, or does the government intend to adopt a disinterested attitude in regard to such an application? That is bringing the question right up to date, and I thank the minister for suggesting it be brought up to date. What is the government's attitude now?

Mr. Marler: What the hon. member is suggesting is that I should decide now what might be the circumstances if Canadian Pacific Air Lines made an application to establish an east-west cargo service. First, in my opinion, it is very unlikely that Canadian Pacific Air Lines will ask for the right to carry cargo from Montreal across the country to Vancouver. I think they would have been very sorry if their application had been granted in 1953. I say wait until we see what is their appreciation of the present situation before I attempt to say what the government will do.

Mr. Diefenbaker: I have just one more question of the minister. What is government policy? You do not have to wait and see to know what government policy is. What is government policy now with reference to allowing a competing trans-Canada route for cargo transportation east and west which will not cover areas that are covered by Trans-Canada but will cover areas that today are not receiving the attention they should receive in this regard? What is government policy today? If the minister will say that, then the whole thing is clarified. I was invited by him to bring it up to date, to 1956, and I am glad to do so. What is the policy now?

Mr. Marler: The hon. member for Prince Albert thinks he has just uncovered a gold mine here. I will not hesitate to answer his question if he will be more precise as to the points to be served; if we know what traffic is available and who is at present carrying it and where the traffic is to originate. Then we will have an opportunity of knowing at least what are the facts. If the hon. gentleman would like to have my opinion as to whether or not, on a transcontinental basis, there is enough business for two carriers, I would express the opinion that there is not. I do not think the government would encourage an applicant to try to divide what is not sufficient business for one carrier. I do not think it would make sense that we should have two carriers taking care of what is not enough for one.

Mr. Harrison: I am very pleased, Mr. Chairman, that you were not able to see me a little sooner, because it has given me an opportunity to listen to a very excellent debate and, so to speak, make possible a very good preface for something I want to discuss. I am not perturbed by the troubles that are brought forth by the hon. member for York West and the hon. member for Prince Albert even though I am, as they are, interested in free enterprise. I have, like the hon. member for York West, attended the committees where we have discussed T.C.A. and all the relative factors. In view of this I have to go along with the minister, and I think he made a very able reply. I appreciated very much the quotation he gave in reply from the Prime Minister regarding air transport matters. I think that, in a brief way, covers what should be our aim in all air matters.

Just to show that I do subscribe to the free enterprise theory in some air transport matters I am going to register a complaint about air transport in the northern part of my riding, which extends into the province of Alberta. I think this complaint will fit into the delineation of the remarks of the Prime Minister as to what constitutes something that should be under free enterprise. This is very important to the area at Beaverlodge and Uranium City which, over the past two years during the development of the uranium mines, has come into the air transport picture in a rather big way. I doubt very much if there is any place in Canada which continuously has an airlift of freight into it that this place has.

I want to talk about government policy with regard to air freight going into there and some of its detrimental effects as now constituted. I hope the minister will have a new look at this policy. I can see why it was instituted in the first place and maybe why it has been continued up to the present

time, but I think if the facts are considered now there may be some reason for changing the policy somewhat.

On July 19, 1955, an application was heard in Edmonton by the air transport board for a second air line to carry freight from Edmonton into Uranium City and the Beaverlodge area, roughly 400 miles. Under the original policy Canadian Pacific Air Lines were granted a sole charter into that area. I can quite recognize why that was good government policy in the first instance. It was a new and embryo country, particularly a new and embryo industry, and it was not known whether there was a lot of uranium there or maybe not quite so much. The main interest was to get a company which could perform a service in that area and would guarantee to maintain that service. Therefore I can see the point in making an agreement with a company such as Canadian Pacific Air Lines that was in a position to give that kind of service.

We have now had it for a period of three or four years, and in the light of our experience we can now see that it is a highly profitable proposition as far as Canadian Pacific Air Lines are concerned, or should be. The hon. member for Prince Albert mentioned subsidies to Canadian Pacific Air Lines. I can assure the committee that if all the lines are like that one we would not need much in the way of subsidies. They charge 12 cents a pound or $240 a ton from Edmonton to Uranium City.

At the hearing before the air transport board another line, I believe Associated Airways, wished to put freight over that same route northbound for 6 cents a pound, or just half the Canadian Pacific Air Lines' rate. Nothing was heard of that for some months, though I believe they made a pretty fair case before the air transport board. I believe the air transport board was considerably impressed, and thought this might be a good thing to grant. To this day you cannot tell the people in that area that it was a coincidence that there was a cabinet meeting on the morning of November 30, and the air transport board's decision was rendered that afternoon in a negative way.

Mr. Marler: I can assure the hon. gentleman that the cabinet does not have any power of review over the air transport board's decision. What the hon. gentleman is implying was a pure coincidence.

Mr. Harrison: That is just exactly the interjection I wanted, to disabuse that idea in that area. I have been trying to disabuse it myself. I hope they will take the minister's word where they would not take mine. However, this double air freight rate is charged there by, as you might say, government decree, because this other company was prepared to operate in there for $120 a ton or 6 cents a pound, compared with 12 cents a pound or $240 a ton charged by Canadian Pacific Air Lines.

There are other yardsticks to use to find out whether or not this can be done. In the recent committee on research I asked the chief of Atomic Energy and of all our uranium works, Mr. Bennett, why his Eldorado Company did not patronize Canadian Pacific Air Lines. He said, "It costs too much". That is exactly the answer I expected. If you examine Eldorado's operations you will find that they have been forced by this policy to put in their own air line, as other uranium companies have, if they are big enough to own an air line. Economics force them to do it, because no mining company wants to go into the air transport business. They are miners, and they want to stay in the mining business. Such companies as Gunnar have done that, and now because of this policy Lorado, which is building a big new plant for uranium production, are putting in their own air transport service.

I think if you will look into the operation of Eldorado's air arm you will find that they have been transporting their own goods at something in the neighbourhood of $100 a ton, or 5 to 5½ cents a pound. They are not an air line exclusively; therefore the question might be asked as to whether they function just as smoothly and economically as a proper line would. This policy of agreeing to a certain rate, and theirs is $240 a ton, puts companies in this position. Lorado, I may say, went to Canadian Pacific Air Lines this year and asked whether they would give them a special rate if the mining company gave them all their business at the new mill going in. They said yes, they would give them a rate of $240 a ton, or 12 cents a pound, which is exactly what they charge all the companies. Another company was prepared to do it for half that, a sound company.

I believe other companies besides the one I just mentioned are prepared to go in and do it for half the rate charged right now. I think we can show that the air arm of the government's own company, Eldorado, are putting it in there for less than 6 cents a pound, but we must also keep in mind that they are allowed accelerated depreciation on their aircraft, and so on. Therefore I do not think it is going to be difficult to show that a second company could well make money at the 6 cents a pound or $120 a ton rate.

The man on the street up there who is not able to put in his own air line has to pay the Canadian Pacific Air Lines' rate. The fact is that practically all groceries and perishables have to go in by air, and the ordinary man on the street is compelled to pay 60 cents a quart for milk, for instance. This is an item that is a good example to everybody, because it brings home to everyone just what it means to that area. It is not the doubling of the truck rate or the doubling of the rail freight rate, which are peanuts compared with the doubling of the air freight rate. The average person thinks that if this other company had been allowed to go in and compete, milk would be 35 cents a quart instead of 60 cents.

I was happy to have the minister read the observations of the Prime Minister on this very point, because it gives me some ray of hope that this is not a permanent situation; that another look will be taken at it, and that is all I am asking. All I am asking is that it will be given another look, in view of all the factors. I think it can be proved that other companies can operate at a profit at the rate at which they said they could operate.

These are some of the reasons they should be able to operate at a profit. The picture is rapidly changing, particularly with respect to uranium shipments. It is quite likely that the Minister of Transport will have to confer with the Minister of Trade and Commerce, because they are both concerned in it. Uranium production is increasing very rapidly in that area. Gunnar is going to double the size of the plant it put in last year. The government's Eldorado plant is being tripled in size this year, and Lorado is putting in a brand new plant, with the result that for a little while we are going to have an effect something like the effect of iron ore itself on the St. Lawrence seaway. Within a little while the majority of freight is going to move up river on the St. Lawrence, with the advent of full production of iron ore.

With the advent of full production of uranium, which may take place in about 18 months, the southbound freight will exceed the northbound freight. These companies which are prepared to go in and cut the northbound freight rate in half are prepared to bring out the concentrate, as I understand it, and there will be a volume of between 20,000 and 40,000 pounds a day within the next year and a half or two years. They will have to pay something between 2 and 3 cents a pound.

I asked Mr. Bennett if he would be interested in prices of that sort, and he said definitely they would be. One thing disturbed him somewhat, and that was how they were going to get the concentrate out of Great Bear lake, which is a separate operation; but I think that could be overcome all right through some free competition in that area. Whoever got the contract for hauling the concentrate out of Gunnar and Eldorado and these other places would, I think, give a fairly good rate on hauling it out of Great Bear as well.

I hope the government will take another look at this policy of maintaining the double air freight rate up there, because it is not a small consideration. This is an air freight rate and what results is that $120 is added to the cost of every ton of groceries and the necessities of life that go into that area; and this has been done by the decree of the present government. It has had the result that companies have had to put in their own air lines, whereas the ordinary working man up there cannot take advantage of the volume of freight that is going in. If there were competition everyone in that area could enjoy the advantages of this volume of freight that is moving up there.

I hope, Mr. Chairman, the Minister of Transport will get together with the Minister of Trade and Commerce and review this policy in the light of the facts I have mentioned, which can be easily ascertained and verified.

Mr. Barnett: Mr. Chairman, I was quite interested in listening to the reply the minister made a while ago to the hon. member for Cape Breton South and in hearing him say that he intended to place the emphasis on providing facilities that will make travel by aircraft possible, because that is just what I want to talk about. I might say that by and large the area I am referring to would be quite satisfied with one good air service. We are not yet at the stage where we are worrying about two or more.

The minister may recall that earlier this year I exchanged some correspondence with him with respect to the establishment of an aeroplane float at the settlement known as Whaletown on the coast of British Columbia. In the last letter I received from him concerning this subject some little time ago he said he was having a review made of the matter and expected to inform me about it later.

I am not rising on the subject of the Whaletown aeroplane float at this moment primarily because I want the minister to give me an answer concerning this particular float on the floor of the house today, but I am rising at this time because I do feel the provision of aeroplane floats appears at the moment to be in somewhat of an administrative no-man's-land. I asked some questions earlier

this year concerning how many installations of this kind the department has on the British Columbia coast, and I believe I could count the number on less than the fingers of one hand.

I think the minister will realize that a great deal of our air travel on the coast is carried on by planes which land and take off from the water; and because I feel this is a matter of importance I wanted to bring it to his attention under the discussion of the administration of air services.

Accompanying some of the correspondence that originated from the people at Whaletown in respect to this float was a diagram which I think illustrates very well the point I am trying to make. They submitted a sketch of some existing floats which were put in by the Department of Public Works in that area, and their suggestion was that by the simple addition of an extra float which would not be held in place by the ordinary piling arrangements but by anchor cables so there would be no obstructions to the landing of planes at the float, smaller planes could land there. I think the illustration makes clear a situation which I feel the minister should consider.

As I understand it, this is a matter which comes under the air services division but as far as I am concerned from what looking into the matter I have done I quite frankly have been led to wonder if this is not a matter which could not be looked after more effectively and expeditously by the marine services division, because of the fact that generally speaking these floats up and down the coast are installations which were put in for the use of boats and vessels, and are the concern of the marine services division and the marine agent of the district.

If this matter were looked into I feel that because of the long and close consultation that has existed between the marine services division and the Department of Public Works, provision could be made for the installation of floats that would be suitable for aeroplane landings in many of the smaller centres without the necessity of providing special installations intended solely for the use of planes. I feel this is something that could materially increase the available places that are suitable for aeroplane service without in the long run adding any great additional cost to the facilities on the west coast.

I hope the minister will give consideration to an examination of the administrative set-up with respect to these aeroplane floats. Within the next few years I can foresee that there are going to be a great many requests for additional floats which can serve as floating airports for the smaller planes that fly our coast. It seems to me that if this matter were studied at this time it might be possible to evolve a plan of providing such facilities at a good deal less cost than would be involved if all such requests for this type of installation were channelled directly through the air services division and involved special votes or allocations for that purpose.

In many cases, as far as I can see, all that would be required would be to work out a plan with the Department of Public Works to ensure that when some of the floats are installed the present arrangements, whereby they are held in place with piles which project above the deck level of the floats and constitute a hazard to planes, would be changed in order to remove the possibility of wing damage. Because of the hazard of the projection it is impossible for planes to use many of the existing installations except during very calm weather. I hope the minister will give me some indication as to whether he would be prepared to look into the various aspects of the matter that I have put before him.

Mrs. Fairclough: I have in my hand a copy of a letter which was sent to the minister. Since he has been busy with these estimates, it is possible he has not yet read it. It comes from the president of the electrical, radio and machine workers' union at Hamilton and inquires from him with reference to the granting of a contract for the radar sets which will constitute the cross-country civilian radar network. It quotes a press report of a month or so ago in which it was stated that these radar sets are being produced to the specifications of the Department of Transport by a company in Waltham, Massachusetts.

The specific questions which are asked in this letter are whether or not any company in Canada was given an opportunity to undertake this work in the first place. In the event that it was thought by the department that Canadian companies were not yet equipped to do it, I would doubt that, because certain Canadian companies have gone into this work extensively in latter years. They ask whether or not any encouragement had been given them to go into this field. I wonder whether the minister would answer these questions. Was an opportunity given to any Canadian company to undertake construction of these sets?

Mr. Marler: I think I can deal with this matter very quickly. I received a letter from the union this morning, and I have already dispatched a reply to it. I should like to say to the hon. member that this is substantially the information I conveyed to the union.

When it came to ordering these 15 surveillance radar units public tenders were called, and the lowest tender was that of Raytheon Manufacturing Company of Waltham. As they were public tenders, everybody had an opportunity of bidding, and some of the Canadian companies did bid.

Mrs. Fairclough: Do you remember how many?

Mr. Marler: I think there were four or five companies altogether that tendered. I am sorry to say it, but the Canadian prices were much higher than those of Raytheon; in fact the nearest bid was $1,400,000 higher than that of Raytheon.

Mrs. Fairclough: What proportion of the total price would that be?

Mr. Marler: It is probably approximately 20 to 25 per cent, or perhaps even over 25 per cent. My recollection of the exact figure is not very clear, but the point I want to emphasize is that not only was Raytheon the lowest tenderer but it agreed with a firm in Kitchener, Ontario, to establish a Canadian subsidiary for the carrying out of this work. That decision and the fact that it was awarded the contract meant that through the subsidiary it was possible for other Canadian manufacturers to develop a very large part of this order by subcontract. So really not only do the Canadian taxpayers save well over a million dollars as the result of our accepting a lower tender, but a new industry is going to be established and there will be subcontracting work in Canada.

Mrs. Fairclough: I recognize that the minister's reply to my question is plausible, but I pointed out that some of these Canadian companies have been working for many years, and at great expense, in the development of this field, and some of them have produced amazing results. I am not sure, when it boils right down to what is best in the long run for the Canadian taxpayer, that so much of a net saving actually results to the taxpayer. There are such things as corporation profits, and so on, which would enter into it, and it would take more time and research than I have been able to put on this matter.

The minister said he received his letter this morning; I did not receive my copy until this afternoon. I have not been able to go into it, but it seems to me that when a contract is awarded to a United States company there are a great many ramifications to the awarding of that contract other than the fact that it is going to cost 20 per cent less.

It may be that some of those are covered by the taxation that will accrue to federal coffers from the subsidiary company in particular, provided that company is taxed as a Canadian corporation. There may be a difference there, but if there is to be a difference in the amount of tax paid, then it seems to me that this matter of a 20 or 25 per cent spread in the price should be considered in the light also of the taxation which the respective companies will pay to the government of Canada through the Minister of National Revenue.

Item agreed to.

The Chairman: It being five o'clock, the work of the committee will be interrupted.

PRIVATE BILLS

SIGNATURE LOAN AND FINANCE COMPANY

Mr. Claude Richardson (St. Lawrence-St. George) moved the third reading of Bill No. 166, to incorporate Signature Loan and Finance Company.

Mr. R. R. Knight (Saskatoon): It is the intention of this group to oppose third reading of this bill. We are conscious of the fact that this is the last opportunity on which it may be presented at this session. Since the bill was passed in the committee—if my memory serves me right there were only four votes against it—on this occasion my hon. friends in the Conservative party joined my hon. friends on the government side to set up this incorporation; and since the majority was large we think that we should not use any device to hold up the legislation. But we believe we should have an opportunity to stand up and be counted in regard to our opposition to it, because we do not wish to be associated with those who vote for this incorporation.

We have the peculiar situation here of a group insisting upon incorporation under this bill after the representative of the company time after time declared in the committee that the action of the government under Bill No. 51, which puts some limit on the amount of interest which may be charged by such companies, threatened to put them completely out of business. We find that the promoters of this bill are persisting in their original intention to go ahead with the incorporation and, according to the statement of their colleagues, go broke in the process. However, we were never convinced in any case that they would be going broke in the process.

Branches of these small loans companies are spreading out all over this country. In our opinion the amount of credit of this particular type has become too great. It might be argued, and with some reason, that perhaps competition helps; that if you have one more company join the throng it may

have some effect in the bringing down of interest rates. At the hearings the president of the Canadian small loans association made an answer to a question I put to him which was rather surprising to me, but he knows his business. He said that in his opinion the amount of interest charged would make no difference to the amount of business done. That seems almost incredible but I suppose what it means is that people who are in the condition where they have to borrow money from these institutions are so desperate for money that the rate of interest is not even considered, or not mathematically worked out.

We are not too hopeful, then, that the addition of another company to the number already existing will have the effect competitive-wise of bringing down the interest rate to the borrower. One more company will mean something else. It will certainly mean more advertising. It will mean more branch offices being opened in the cities of this country. It will mean more bright neon lights and more places into which unfortunate people may be lured in the hope of improving their financial position by adding to the amount of their debt.

It is admitted that there is some need for this type of service, but as I suggested in committee at another stage of the bill we are already well supplied with facilities which, if they were only generally known, could carry on in a better way anything that the small loans companies are doing for this type of borrower. I shall now refer to what I mean, because I think it is reasonable that I should be able to bring forward alternatives. We certainly think that the banks could play a more active part in this business. The Canadian Bank of Commerce has already shown its ability in the field, and while the rate of interest is somewhat higher than in the case of the credit unions because they have the habit of discounting the loan before they make it, nevertheless the chairman of the Canadian Bank of Commerce said that they were making a profit at a rate of interest of between 10 and 11 per cent. We would urge upon the other chartered banks of Canada that they have some social responsibility so far as this matter is concerned.

As another alternative we suggest that the bill should not be passed because the facilities of the credit unions and the caisses populaires in the province of Quebec are already being used to perform a function which this company would duplicate in the matter of the lending of money, and are giving a service which cannot be duplicated by these small loans companies. We had evidence in the committee that kindred companies to the company we are now asked to incorporate are allowed by law to charge 26.8 per cent per annum. I use the term "per annum" advisedly. In referring to the matter I think such a term should be used because it is generally understood by most people who have anything to do with these companies, while it is rather difficult to figure out what a rate of 1 per cent or 2 per cent per month means.

I would suggest that from the evidence we had these alternatives, notably the credit unions, should be given serious consideration; because in comparing the rates which this company, if incorporated, will charge with the rates of the credit unions we find there is a tremendous difference. Evidence was given to the committee that under the present set-up a loan of $500 could cost the borrower $100 more over the two-year course of the loan when borrowed from one of these finance companies compared with the same amount of money borrowed from the Caisses Populaires Desjardins.

In my own province the average rate charged by the credit union is for a start 1 per cent per month, but as many of my friends from the west know, and I presume the same is true of the east, the credit unions have been notable for their tremendous growth in co-operation and we quite often have a rate of one-half of 1 per cent per month. Then we have the added feature of their excellent method of insuring loans, so that in the case of the death of the borrower those who inherit the estate of the deceased will not be harassed in the matter of paying the debt. So great is the benefit from that sort of thing that many people whom I know have joined one of these credit unions—

Mr. Harris: Talk about the bill, not about credit unions.

Mr. Knight: —in order that they may get the benefit of being protected by such insurance. I shall reply to the minister. I am talking against the incorporation of this particular company, and I am entitled to say why. My case has been that other facilities are available, and I am simply dealing with some of the services provided. Probably the minister would get along faster if he would let me finish my remarks.

Mr. Harris: We would get along faster if people spoke to the point.

Mr. Knight: I would be out of order if I made the answer that I am prompted to make to that remark. The minister has challenged me. I can enlarge upon this subject, but I would not recommend it at this late stage.

You have had the example of some other ministers doing the same sort of thing and we know with what result.

I had been saying that there were alternatives to this type of company and I had been giving the reasons why I think they should be used. I am relating strictly what happened in the committee when this particular bill was under discussion; and may I say that the very people who wanted to set up this corporation decried the credit unions because you have to be a member of a credit union. Everybody knows that where two or three are gathered together, if I may use that phrase, and want to set up an organization of this kind they can do it without the least trouble on a geographical, occupational or any other suitable basis. Rather than having a company of this sort simply interested in lending money, getting dividends from that money and paying them to their shareholders, we are interested in the type of thing which promotes thrift in the first place and which serves the purposes which this small loans company will serve if it is set up.

That is why I would rather see people use facilities which encourage thrift, which accommodate them temporarily and provide them with a guaranteed system of insurance. Let me say to the minister quite frankly that I am interested in the success of the credit union movement, which after all is simply the principle of co-operation applied to the small loans field. For the reasons I have advanced we do not want to endorse the opinion of those members of the committee who voted for the setting up of this company, and on that account we propose to call a vote upon this particular measure.

The house divided on the motion (Mr. Richardson) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Applewhaite
Balcom
Batten
Bell
Bennett
Bertrand
Blanchette
Boisvert
Boucher
Bourget
Bourque
Breton
Brisson
Cameron (High Park)
Cardiff
Caron
Carter
Churchill
Cloutier
Denis
Deschatelets
Dickey
Dinsdale
Dumas
Dupuis
Enfield
Fairclough, Mrs.
Fairey
Fleming
Fontaine
Fraser (St. John's East)
Garland
Garson
Gauthier (Portneuf)
Gour (Russell)
Gourd (Chapleau)
Green
Gregg
Habel
Hamilton (York West)
Harris
Harrison
Henderson
Hosking
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Lefrançois
Legare
Lusby
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McGregor
McIlraith
McWilliam
Marler
Martin
Matheson
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Monteith
Montgomery
Philpott
Pickersgill
Proudfoot
Prudham
Purdy
Ratelle
Rea
Reinke
Richard (St. Maurice-Lafleche)
Richardson
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Rowe
St. Laurent (Quebec East)
Schneider
Shipley, Mrs.
Simmons
Stanton
Thibault
Tucker
Tustin
Van Horne
Villeneuve
Vincent
Weaver
Weir
Weselak
White (Middlesex East)
White (Waterloo South)—106.

NAYS

Messrs:

Argue
Barnett
Blackmore
Bryce
Cameron (Nanaimo)
Castleden
Coldwell
Ellis
Gillis
Hansell
Herridge
Holowach
Jones
Knight
McCullough (Moose Mountain)
Nicholson
Quelch
Thomas
Winch
Zaplitny—20.

Bill read the third time and passed.

Mr. Harris: I am not sure, Mr. Speaker, but I believe it is the desire to stand all the items under public bills.

Mr. Speaker: The business reserved for this hour being disposed of, the house will revert to consideration of the business which was interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF TRANSPORT

474. Air services administration, $816,760.

Mr. White (Middlesex East): When the work of the committee was interrupted at five o'clock I had just risen to make some comments on item 474. I find it rather difficult

to deal with the three things I want to mention because of the overlapping of the minister's department with that of trade and commerce as it applies to Trans-Canada Air Lines. The minister's department deals with the airports, so I feel I should deal with the airport at London first and then just refer to T.C.A.

The minister will recall that about a year and a half ago the hon. member for Middlesex West, the hon. member for London and myself along with his worship the mayor of the city of London and some of his council, as well as representatives of the chamber of commerce presented the views of the city of London as they relate to the airport there. At that time the plea was not for the beginning of new runways but the completion of them. There is one full length runway now being used by the Department of National Defence, and there is another runway which it is proposed should be extended so that jet planes and the Viscounts now in use on T.C.A. could use that airport. At the time this delegation waited on the minister I should say, in all fairness to the minister, that he promised nothing and he has kept his promise.

The city of London is quite concerned about this, because it appears as if the Department of Transport regards London as a whistle stop in their Trans-Canada plans. It would appear as if the Department of National Defence regards the city in the same light because of the grounding of No. 420 squadron. It has been adequately pointed out that there is a lack of air transport for an airborne army, yet we have a well established airport in a thickly populated area, which is not being used to advantage. It is a very vital area, also, when you consider Windsor, London, Sarnia, Woodstock, Brantford and Hamilton are all within close proximity of that London airport, yet they are given the go-by.

Some time ago it was reported that there would be 13 major airport radar installations across Canada, and that one of those 13 installations was to be made at London, Ontario. Now for some unexplained reason it is mooted that London is going to be given a smaller installation. The reason given was that there would be overlapping between London and Toronto. Be that as it may, there is a lot of overlapping in other government departments and it does not seem to worry them a great deal. It would not cost a great deal to extend the one other runway so it could service the Viscounts that are now in use, so I am asking the minister to give that very serious consideration for the immediate future.

There was a transport department official before a Senate committee, and he said London would get a full scale weather station. This has been requested by the city of London and the surrounding area because of the importance of weather reports not only to T.C.A. and the air activities in the vicinity, but because of their importance to farmers who are so dependent on the weather. I hope the minister, when he replies, will say that this weather station is going to be installed in the very near future.

I mentioned earlier that the Department of Transport, the Department of Trade and Commerce and national defence are all tied up in this airport business at London. I should think, in view of the fact the Minister of Trade and Commerce has gas lines, air lines and party lines in his hands, he would transfer Trans-Canada Air Lines to the Minister of Transport.

Mr. Marler: I am sure I am flattered by the suggestion that I should have more work to do, but it is not one to which I shall accede very readily.

I would like to reply very briefly to what the hon. member has just said about the airport at London. My recollection is that it was not a year and a half ago that this delegation called on me, but something like six months ago. It may, of course, be the length of the session that has made the time seem longer, but my impression is it was in the early part of this year that I received the delegation and, of course, I have received representations from the hon. member and also from the hon. member for Middlesex West.

I should tell members of the committee that I believe the extension of the second runway at London has a high priority. We have been giving consideration to the matter, and I know that Trans-Canada would like to establish Viscount service on a permanent basis. The difficulty is, of course—there is the difficulty of money; there is never enough to do all the projects—there is really the basic difficulty of getting the technical personnel that we need to carry out all those projects. Hon. members all know that when you develop capable individuals and engineers, they are a very fair target for private enterprise which can and does offer them much higher salaries than the government can afford to pay.

My great apprehension with regard to these future projects is that of the difficulty of finding the skilled personnel we need for the work, and being able to carry out the projects in the highly active situation in which we are living at the present time. I would tell my hon. friend that we are fully conscious of the needs of London, and he does not need to

feel for an instant that it is being forgotten or that it is being relegated to an inferior position.

Mr. Winch: I have only one question I should like to ask the minister. Vancouver is growing very rapidly; international plane travel is growing very rapidly. I know that the airport in Vancouver is still owned on the local level. Have there been any further changes in negotiation or plans as between the ownership on the local level and on the federal level? This is the important question. In view of the growth of plane travel and the growth of Vancouver, what are the plans of the federal government, either on their own or in co-operation with Vancouver, for the expansion and enlargement of that airport so the Vancouver airport can take its rightful place as a major airfield of this country?

Mr. Marler: Mr. Chairman, when I went to the west coast last October I had the privilege and pleasure of meeting the mayor of Vancouver and some of the members of the airport commission. We discussed the present situation, and we were all in agreement that the question which merited the most immediate attention was that of providing additional terminal facilities. It was quite clear that had the responsibility for doing so been discharged by the city of Vancouver the legal formalities would have taken a very long time to accomplish, and since we realized this we said at once we were ready to make arrangements with the city of Vancouver by which we would finance the expansion of the existing terminal building, and an agreement was reached in principle at that time as to the expansion of that building.

I perhaps might add that since our discussion then they have had the plans and specifications for the work prepared. They have called for tenders. Unfortunately it appears that the cost is going to be greater than we estimated, but we have told them that we were agreeable to the increase in cost, and I think the conclusion of the action or document or agreement between the department and the city is a matter of a few weeks' time. At all events, we agreed that the expansion of the terminal building should be proceeded with first, as quickly as possible, and I think no stone has been left unturned to make that a reality.

So far as the airport as a whole is concerned, the hon. member knows that a substantial part of the area used for the airport belongs to the city of Vancouver. At an earlier date arrangements had been considered by which the department would acquire the rights of the city for a consideration, I believe in the neighbourhood of $1 million. The proposal was submitted to a referendum and, as I think the hon. member will probably recall, the referendum was defeated and the city therefore has remained the owner of the airport. In the meanwhile, I cannot help thinking that so far as aviation is concerned, the question of whether the city owns the airport or whether the department owns it does not change materially the usefulness of the airport, and therefore the question of the title is secondary to the question of the terminal building.

I informed the mayor and the airport commission that we would be perfectly willing to re-examine the question of the department taking over the international airport, and suggested to them that they should submit to us a statement of the capital expenditures which were made by the city since the offer of $1 million was made some years ago. I say without any criticism whatsoever that this information has not yet been submitted to us by the city authorities.

Mr. Winch: I have another question on the same subject. I agree with the minister the question of the ownership is very definitely of a secondary nature. What I had in mind when I asked the question was this. About 18 months ago all the members of parliament of the lower mainland area were called to a meeting of the commission and a number of members of the council. The position was explained, to the effect that in a period of about 10 years a great many millions of dollars would have to be spent at the airport to complete almost a new plant. What I wanted to find out from the minister was whether any definite acceptance by his department had taken place on this 10-year period of the development of the airport?

Mr. Marler: I would just like to say to the hon. gentleman that really the question of whether the city owns the airport or whether the department owns it is not material to the carrying out of the program of capital improvements that would require to be made. I am quite unable to give the hon. gentleman information as to what the program contemplated, but I do assure him that the question of who owns the airport or who operates it is not material to the program itself. It is our feeling, because we consider it to be a federal responsibility, that if the extension of a runway is required, or if the provision of an additional runway is required, or other facilities, that is something we should do, and that is one of the principal reasons why personally I do not attach vital importance to the question of title to the airport. I can

merely repeat that if Vancouver is anxious that we should take it over we are perfectly ready to discuss the matter with them at any time.

Mr. White (Middlesex East): I wish to ask the minister one question. He did not deal with whether a full-scale weather station was contemplated for London. What are the plans?

Mr. Marler: Well, Mr. Chairman, my deputy minister tells me that we have no plans for the establishment at London of further meteorological facilities. In that field in particular it is exceedingly difficult for us to recruit trained personnel, and I do not think the additional facilities which the hon. gentleman contemplated are really needed at this particular time. At all events, we are not in a position to deal with it at the moment.

Mr. White (Middlesex East): Mr. Chairman, according to my information one of the minister's officials, in giving evidence before a senate committee, said this was in the books.

Mr. Marler: Yes, I heard the hon. gentleman say that; but I must admit it came somewhat as a surprise to me.

Mr. Nesbitt: May I say a brief word on this matter. I was very glad to hear the minister say that London airport is not being forgotten and that something is going to be done about it because, like my colleague for Middlesex East, it affects me very much and a great many other hon. members in this house from that area. Hon. members are probably aware that London airport serves not only London but the very rich industrial area of western Ontario, Stratford, St. Thomas, Woodstock, and Sarnia, and the rich agricultural area around.

There is one other matter that I should like to mention in about a minute's time, and it is this. It is quite apparent that there is no competitive business with respect to the Trans-Canada Air Lines run between Montreal, Ottawa, Toronto, London and Windsor. Since no competition is in the air, so to speak, at the moment I certainly hope the minister will recommend to T.C.A. that something be done to increase the service on that run. A person who uses that service finds it is almost impossible to obtain a reservation no matter how far in advance he makes application, and it is particularly difficult to obtain reservations on week ends.

Hon. members know it is sometimes necessary to visit one's constituency and return as quickly as possible. It has been my experience and that of many others that you cannot get reservations on that particular run. If no competition is envisaged let us at least have more aircraft. I know the minister tells us it is difficult to get technical people and money, of course, is alleged to be a consideration in this case, but I do wish something would be done about it. I know a great many people who would like to fly by T.C.A. between London, Toronto, Ottawa, Montreal and Windsor, and the only reason they do not do so is because they cannot obtain reservations. If there is not going to be competition let us have more planes.

There is just one more thing I would like to add in this respect. T.C.A. cannot be very anxious to obtain business for this particular branch of the air line. As I understand it, formerly there were certain inducements offered to travel by T.C.A. No doubt this was done in the early stages to accustom people to the idea of flying. I was informed that commercial travellers used to get special rates on T.C.A. I am also told that other transportation companies such as the C.P.R. used to get some slight commission for selling T.C.A. tickets, but that is no longer the case. In addition to that I understand they cannot even telephone to make reservations for London or Toronto, wherever it may be.

It seems to me that if what I have said is true, and I am informed that these are the facts, T.C.A. cannot be looking for business. Particularly in view of the great difficulty one encounters in obtaining accommodation on this particular T.C.A. run I certainly think the minister and his department, if they are not considering competition, should at least consider increasing the number of flights between the points I have mentioned.

Mr. Blackmore: Mr. Chairman, before we leave this item I wish to express to the minister the gratitude of the Lethbridge constituency for the improvement which is being made in the airport there. Word has reached me that the tenders are in, the lowest tender has been accepted and all they are waiting for now is for the minister to let them know whether they are to finish the airport with asphalt or with cement.

Item agreed to.

Radio aids to air and marine navigation—

476. Administration, operation and maintenance, $8,925,412.

Mr. Hamilton (York West): Mr. Chairman, I have just a word to say concerning this item, which involves radio aids to air and marine navigation. This matter is becoming of more importance daily to the small transport companies. I would like to point out to the minister that there is increasing difficulty in getting wave lengths allotted to these small companies. From the standpoint of

safety it is becoming increasingly important that wave lengths be made available to the smaller types of operations.

It seems to me that the minister should reassess the requirements of the industry in this respect in order to see if we can squeeze out a few more wave bands for their use. It does not make these people feel any better to come to Ottawa and get a lecture on the spectrum, how it is divided and how many wave lengths are available, because the need is urgent and something should be done about it. I only hope that the minister will look into this problem in a serious way to see if there could be some improvement in the allotment of frequencies.

Item agreed to.

477. Construction or acquisition of buildings, works, land and equipment, $4,234,725.

Mr. Green: Mr. Chairman, there is one question I would like to ask the minister on this item. Would the minister tell the committee what role the Department of Transport plays in the construction and operation of the mid-Canada line?

Mr. Marler: Mr. Chairman, my information is that the only expenditure which is included in the estimates of the Department of Transport for the mid-Canada line relates to items in the marine services—that is, transportation by sea—with which we have already dealt. We have no others.

Mr. Green: What I had in mind was the role of the Department of Transport in the construction and operation of the mid-Canada line.

Mr. Marler: My deputy minister tells me the answer to the question is that we have no role whatever in the matter except so far as the allocating of wave lengths is concerned.

Mr. Green: You have no role whatever in the construction?

Mr. Marler: No.

Mr. Green: When the line is in operation will the Department of Transport have any responsibility? We have been told during the discussion of other estimates that the Bell Telephone Company would be operating it, but I understood that the Department of Transport was involved some way or other. That may be wrong, but perhaps the minister could inform me.

Mr. Marler: I would like to say, Mr. Chairman, we do not expect to have any responsibilities in connection with the mid-Canada line when it becomes operative. Our present responsibilities are two-fold, as I said a minute ago, and involve first the allotment of wave lengths and second a small part that we play in the ship to shore movement, both of which come under marine services which have already been discussed.

Mr. Green: What is the situation with regard to the distant early warning line?

Mr. Marler: The answer, Mr. Chairman, is that our role is very similar to that which I described in relation to the mid-Canada line.

Item agreed to.

Radio Act and regulations—

478. Administration, operation and maintenance, including contributions as Canada's share of the administrative costs of various international radio, telegraph and telephone conferences, as detailed in the estimates, $1,691,165.

Mr. Barnett: Mr. Chairman, I made a few remarks concerning the general subject of the Radio Act when I spoke on March 16, and I did so at that time in the hope that when we reached the estimates of this department the minister might be prepared to make some comment on the questions I raised. I realize that was quite a while ago and I do not know whether or not the minister took any notes at the time. If he has I will not take any of the time of the committee to restate any of the points I raised.

Mr. Marler: Mr. Chairman, the hon. gentleman spoke about the increasing congestion of radio frequencies available for the use of fishermen, particularly in British Columbia, known as the fishermen's band 2318. He said the fishermen would welcome a greater measure of control over the use of that band. I will tell him that we are trying to accomplish this, but I am sure he will appreciate the difficulty of our task.

There is also the question of fishermen who operate small vessels objecting to the fact that some of the larger vessels employ high powered sets, and those who employ low powered sets in the area find themselves obliterated from the air. We hope by the process of education to persuade them to use better equipment, and we think that better sets will produce better results.

Mr. Barnett: I had one other question with regard to the licensing of operators and the possibility that some of the fishermen who are affected will have to make long journeys to take examinations. Has there been any formulation of policy with respect to the question of licensing operators?

Mr. Marler: According to my note, it is a question of staff. If we had more staff it would not be necessary for us to ask these

people to go to Vancouver or Victoria in order to write these examinations as operators of radio stations. If and when we have more staff, I hope we can make a change in that situation.

Mr. Barnett: The minister has again made reference to the question of staff. When he spoke on March 16 he also made a reference to this matter in respect of the question of radio interference, and inspection to avoid it. I think the house should give sympathetic consideration to the plight of the minister in respect of this matter of the insufficient staff, because in doing so we are giving sympathetic consideration to the problems that affect many of us as citizens.

I would suggest that the other members of the government should take note of what the minister has said and see whether we cannot do something about this matter. I had made some notes earlier about bringing up the matter of interference from the ordinary radio stations. I do not want to make an extended speech on the matter now, but I know it is a continuing problem in my area. If, as the minister suggests, the crux of the problem is the insufficiency of staff and, I presume, insufficiency of funds to pay and train them, I am happy to see the Minister of Finance has just come into the house and I hope he will do something to assist his colleague to meet this problem.

Item agreed to.

Telegraph and telephone service—

480. Administration, operation and maintenance, $515,320.

Mr. Harrison: I should like to make a formal protest to the minister on the closing of the telegraph line north of Meadow Lake on July 1. I hope another look can be taken at this proposition, because it has been there for a number of years. It was put there by a Liberal government, not as a money-making proposition—if that had been the consideration I do not think it would have been put there in the first place—but to provide communication and a certain humanitarian service in an area that is sparsely settled. At least it was sparsely settled at that time, but it is not nearly as sparsely settled now.

This is the particular area of northern Saskatchewan where the people are also denied the family allowance, and between these two things I think they are wondering whether they are not being taken particular advantage of as compared with other people in the province. This line has served a great need over a number of years. It is used by the R.C.M.P. in the area, and naturally on my last trip through there both the R.C.M.P. officers and the assistant agents of the Indian branch protested vehemently to me that the removal of this service was going to impede them in their work. I think representations have been made to that effect to the Minister of Citizenship and Immigration by his Indian agents.

The hospitals in the area are small and scattered. There is only one doctor within 150 miles, and on many occasions major operations have been performed by the sisters at places like Portage la Loche on instructions from the doctor over this telegraph line. They have performed amputations and many such things. I should hope the minister would have a further look at this before it is discontinued. As I have said, it was put in there by a Liberal government on humanitarian grounds, for which I hope we are noted, and I hope this will still be regarded one of the guiding principles of the party.

Item agreed to.

Meteorological division—

483. Administration, operation and maintenance, $8,164,815.

Mr. Hamilton (York West): In the *Globe and Mail* of March 13 this year there was an article headed "Weather Office Taxed to Limit, Official Claims". It said:

> The resources of Canadian weather forecasting are taxed to the limit by the demands of aviation, the controller of dominion meteorological service said last night.
>
> In an address to the board of trade club in the King Edward hotel, Andrew Thomson said "we really are pressed beyond what we can do."

We just want to ask the minister whether the allocation of funds here is going to put the department in a position to handle the requirements facing it, especially air traffic requirements.

Mr. Marler: I would merely say that the difficulty is not one of funds. It is that of getting trained personnel.

Mr. Hamilton (York West): Is an attempt being made by the department to get personnel, because this would appear to be rather serious?

Mr. Marler: We are doing our best to get additional staff.

Item agreed to.

Civil aviation division—

485. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $1,102,846.

Mr. Hamilton (York West): Would the minister reply to the suggestion I made that in future cases of accident investigations, where there is an indication that responsibility might lie on the operating party, he

might consider that the composition of the board of inquiry might include, say, a representative of the R.C.A.F., a representative of his department and a representative from outside?

Mr. Marler: In two or three cases that I can think of the inquiries have been presided over by a member of the judiciary. We have had outside members on the board of inquiry. I do not think I can lay down any rule of universal application. I can assure the hon. member, though, that we are anxious that these inquiries should be as complete as possible, even if perhaps they may lead to a conclusion that somebody in the department has not done all that he should have done. Again it is the difficulty of getting the right people at the right time. I would not wish to subscribe to the idea that the position should be always the same and that we should always have a judge. We have to have a certain amount of discretion, and in a general way we have appointed competent people to undertake these investigations.

Item agreed to.

Airways and airports—
Operation and maintenance—
486. Civil aviation services, $9,855,840.

Mr. Green: On this item, I should like to place one problem before the minister. As he knows, several attempts have been made to get a secondary airport in the vicinity of Vancouver for the use of light aircraft. Different sites have been mentioned. As I understand it, as yet no definite decision has been made by the government. Last year I brought up this question by way of urging upon the minister that he should not under any consideration agree to the establishment of a secondary airport at Spanish Banks, and the minister said at that time that he had not completed his investigations but that he was inclined to agree with me that it would be very unwise to take this property for a secondary airport. I thought that had been settled.

Mr. Marler: The hon. member is right.

Mr. Green: If the minister can assure the committee now that under no circumstances will Spanish Banks be taken for a secondary airport, then that is all I want to know.

Mr. Marler: I should like to reassure the hon. member for Vancouver-Quadra that no serious consideration is being given to the establishment of a secondary airport at Spanish Banks. To say "never" would be too categorical, but I will say that we are not considering it at this time. We are considering the possibility of a secondary airport at White Rock and we are also considering what use can be made of Langley Prairie, but Spanish Banks is not being given serious consideration.

Mr. Green: Can the minister assure us that no move to place an airport there will be taken without ample warning being given? The city council has gone on record against it, the parks board is against it and the university is against it. It is adjacent to a residential district, and the residents are all against it. It would be the worst kind of tragedy to take that beach, which is probably the most frequented in the whole of the Vancouver area, for an airport. What was the minister going to say?

Mr. Marler: I was going to try to answer the hon. gentleman. I was going to say quite frankly that personally I have been very much impressed by the arguments that have been advanced against the use of Spanish Banks for a secondary airport, and it would take a great change in my approach to the problem to say that it was going to receive serious consideration.

Mr. Green: Would the minister look into the possibility of having the old Jericho air base, which is adjacent to this beach, turned over to the city for use as a park and as part of the beach? That air base was really established for seaplanes shortly after the first war, I think. It is used very little for flying. As a matter of fact, I know that a year or two ago it was used as an armoury for one of the anti-aircraft units. I do not suppose it comes under the minister's department. I think it is under the Department of National Defence.

Mr. Marler: It is, and I suggest that perhaps when the Minister of National Defence next has his estimates before the house the hon. member try twisting his arm instead of mine.

Mr. Green: The Minister of National Defence lives in my riding and very near this air base. Perhaps the Minister of Transport will help me to work on him in order to see that this air base is turned over as a park.

Mr. Hansell: Mr. Chairman, I want to ask one question and I am not certain whether it comes under 486 or 488. The details of 486 would indicate that it comes under that item, but the amount of the money spent would indicate that it might come under 488. It may not come under either, but I will ask my question and the minister can answer.

There seems to be some misunderstanding among employees who are civil servants as to the rates of pay that are paid at one site or location compared with the rates of pay at

another location for the same type of work. This matter has been drawn to my attention and I have tried to explain that there must be an explanation. However, it leads to dissatisfaction among employees if they hear that at a neighbouring airport an employee doing the same kind of work is receiving more pay.

Mr. Marler: So far as classified positions are concerned, they are the same regardless of the airport involved. However, for labour engaged at prevailing rates the prevailing rate at one airport may be lower or higher than at another. Obviously when we are considering prevailing rate labour we are considering something that is essentially local. We cannot pay less than the prevailing rate in the neighbourhood, nor do I think that we should pay more.

Item agreed to.

488. Construction or acquisition of buildings, works, land and equipment, including construction work on municipal airports and payments to municipalities as contributions towards construction done by those bodies, $15,453,350.

Mr. Hamilton (York West): Can the minister give some indication of what the plans are for future development at Malton, especially in view of the fact that I feel that a temporary exenditure of money on the airport building itself is going to be a great waste. We really need something on a much larger scale, and we need it right away.

Mr. Marler: Quite frankly I must admit that I do not think the facilities at Malton have kept up with the need. I think what has happened in the past can be justified, but I do not really believe any useful purpose would be served by going over the past to attempt to explain and justify what has been done. What we are doing at the present time is to try to relieve the very real congestion at the terminal, and that is the purpose of the alterations that are now being carried out. The hon. gentleman does not need to feel they are going to be wasted because they will not be wasted. Earlier this afternoon, when the hon. gentleman brought up the question of Malton, I made inquiries and I understand that it is our plan to try to start a new terminal at Malton in approximately two years.

Mr. Hamilton (York West): I did not get that.

Mr. Marler: In approximately two years.

Mr. Hamilton (York West): If all that is being done is what is apparent to the eye, it certainly is not going to do the trick for the next two years. It seems to me that the air traffic statistics last year indicated that Malton had the largest volume of ins and outs in Canada, and I would respectfully suggest to the minister that every effort be made to step up the time of starting construction.

I have one further question. In Ottawa is the department working closely with the committee on the capital plan to tie in the access roads to the airport in order to see that the best possible use is made of the present site in connection with the over-all development?

Mr. Marler: It has been, yes.

Item agreed to.

490. Contributions to municipalities or public bodies for construction and improvements of airports on land acquired by such organizations, $60.000.

Mr. Harrison: May I ask the minister to indicate briefly whether negotiations have been completed for payment to Meadow Lake of the $9,000 or so for the work on the main runway of the airport?

Mr. Marler: The answer is that we have asked Meadow Lake to supply us with some information and it has not yet come to hand.

Mr. Harrison: Can the minister also indicate whether the $3,000 or $4,000 that will be necessary to sand and oil the runway so that it will be available for use in wet weather will be available next year?

Mr. Marler: I think we will have to give consideration to that.

Mr. Hamilton (York West): These observations will apply to the next three items. The very latest publication of the Canadian owners and pilots association indicates the great preponderance of private flying that is going on and the fact that the main line air companies really only do a relatively small proportion of the amount of flying that is being done. It seems to me that in the future, as the country develops from the industrial standpoint, we are going to see airports at every community across the country, and I sincerely hope the department is making a real survey so as to assist any municipality that has shown an inclination to develop itself along this line.

Item agreed to.

Air transport board—

493. Salaries and other expenses, including the Canadian delegation to the international civil aviation organization, $292,040.

Mr. Hamilton (York West): This is the last item of the air estimates. In closing the discussion on these items I should just like to say that I was very much interested in the remarks made by the hon. member for Meadow Lake. He gave a factual account of

the situation in the far north. In some respects he did not see eye to eye with me in the observations which I have made, but I think his remarks confirm what I have said previously, namely that the strangling of competition at the top has had its effect right down through the industry. If there cannot be competition with T.C.A., apparently there cannot be competition with C.P.A., and the same result goes right on down to the smaller carriers to a great degree.

As a start I think we might do one thing. We might insist that this particular branch of the affairs of our country be placed under the minister's department, as a first step in seeing that an over-all picture is obtained which will be to the benefit of the whole country. After that I think I might sincerely suggest that the work of the air transport board be cut off entirely and separated from any interference or influence in any way by over-all government policy which has had the effect of closing down, as I have indicated previously. With that, we would hope that a new horizon might be obtained for air transport.

Item agreed to.

Board of transport commissioners for Canada—

494. Administration, operation and maintenance, $867,930.

Mr. Cardiff: Mr. Chairman, may I call it six o'clock?

Some hon. Members: No.

Mr. Cardiff: Discussion on this item is going to take some little time.

An hon. Member: Let us do a little work.

Mr. Argue: Let us sit longer.

Some hon. Members: No.

The Deputy Chairman: It being after six o'clock I do leave the chair.

It being fifteen minutes after six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Cardiff: As an introduction to some of the remarks I intend to make, I may say that I do not know whether the minister has any idea of the kind of country from which I come.

Mr. Marler: If the hon. gentleman would not take too long, I might be able to get up there this year.

[Mr. Hamilton (York West).]

Mr. Cardiff: I shall not be very long. We live in perhaps one of the best farming communities there is anywhere. We have some of the best farms and some of the best farmers you will find anywhere in Canada. For a long time we have been trying to entice industries to come up to our smaller towns. We have been having some success.

Now, however, the Canadian National wants to eliminate some of our train service. I would suggest to the minister that instead of eliminating some of the train service they should give us a little more service. Then they would have no reason to want to discontinue the trains in that section of the country. For example, not so long ago the railway installed a new scale at Palmerston to weigh the rock that comes down from the Durham pit. It is a small scale and they cannot weigh a car. They have to weigh half a car at a time. Can you imagine any outfit trying to make money on a road, pulling a car in and weighing one half and then weighing the other half. Not long ago 42 cars of stone came down at one time, and they were all night weighing the 42 cars. Then they were only guessing. They might just as well have weighed one car and guessed at the rest. This will give you an idea of the kind of service we are getting.

Last Saturday night, August 4, two old passenger cars left Toronto, old cars with oil lamps and some of the lamps were not working. There was no drinking water for the passengers. You would actually think the railway was trying to see how bad they could make the service so nobody would use the trains. I am not going to give names, but the railway put a foreman on that section not long ago, a young man of good education but with no experience. He was trying to tell some of these old trainmen who have been on there for 40 years what to do. This is another example of what they are doing in that section of the country.

The other day the post office was instructed to find some other means of transportation after September 30, because the train service would be discontinued. We went to the transport commission's offices and we could not find any evidence there that they were going to discontinue these trains. We went to the Post Office Department and they told us they had been informed the service would be discontinued after September 30. Naturally they had to find some other way of carrying the mail, so they undertook to call for tenders for trucks to deliver the mail. This was not because they wanted to do that, but they were forced to do it. We want an opportunity to appear before the board of transport commissioners to state our case.

We believe these trains are not losing money but are making money. If we got improved service they would pay well.

Mr. Marler: Would the hon. gentleman tell me to which trains he is referring?

Mr. Cardiff: Those trains out of Palmerston north and west on the Kincardine line and the Southampton line. Apparently they are going to cut off the service on both those lines. I believe there is another section of the line which goes up to Goderich about which I saw an item in the newspaper to the effect that service is going to be discontinued. This is a good section of the country and there are good farms up there.

I should like to refer to a statement made last night by the hon. member for Wellington South. I was not in the house at the time, but according to *Hansard* of August 9, 1956, page 7342, this is what he said:

> I spoke on this item four years ago along with the hon. member for Bruce, the hon. member for Perth and the hon. member for Wellington North. We approached the minister on this same issue and after our representations and private presentations these lines were not closed up. I think it should appear on the record that members from this district four years ago prevented this line from being closed.

I was here at that time, and I would hate to be so narrow-minded as to make a statement like that. I am getting sick and tired of hon. members getting up in this house and stating that unless you belong to the government side you are of no benefit here. This is not the only time that has happened. It has happened frequently in this house, and it is not very becoming to those who make these utterances. As a matter of fact I am glad to be able to state that the departments have a much wider vision than this particular gentleman has, because I have gone to them on different occasions and was very well treated. I have not any complaints to make, but I do not think that kind of thing should be left unchallenged.

I have not very much more to say. I wrote the president of the railroad and told him what we wanted to do. I wanted to find out who was putting the pressure on to have this service discontinued. Of course I have not had time to have a reply yet. All we want is a chance to go before the board of transport commissioners and state our case. I do not think we will have any difficulty in keeping the service.

Mr. Vincent: In a few months the Montreal and Southern Counties Railway will discontinue its service from Montreal to the south shore. I thought I would bring to the attention of the minister a few points in connection with this subject. First of all there is the matter of the re-employment of the old employees of the Montreal and Southern Counties Railway. I have quite a few of them in my constituency, so I think it is my duty tonight to ask the minister to confer with the authorities of Canadian National Railways in order that these employees be given the best possible opportunity to regain employment with the C.N.R., because the Montreal and Southern Counties Railway is a subsidiary company of the C.N.R.

I know that up to now certain of these employees have been out of work. Actually they were told by the Canadian National Railways that sooner or later they would be given the first opportunity. There is not only the question of employment involved in this matter, but there is also the question of pensions.

Mr. Marler: I do not want to interrupt the hon. gentleman, but I must say that I feel a discussion of these matters which have no relationship, either direct or indirect, to the board of transport commissioners cannot properly be had on this item. The question of an abandonment of facilities, the question of a reduction of service, is something that could perhaps be justifiably discussed on this item. I do not believe that matters of internal management of the C.N.R. really ought to be discussed on this item.

Mr. Vincent: I wanted to bring this to the attention of the minister this afternoon but I was told I was under the wrong item and I was then informed that I could discuss this matter under item 494. I do not wish to take up too much of the time of the house, but I thought these remarks would have to be put on the record.

There is one section in the statutes of 1955, volume 1, chapter 29, which gives the Canadian National Railways the opportunity of operating buses. If the railway is to be replaced by buses, I suggest that the minister see to it that the best company possible be chosen. At the moment the Montreal and Southern Counties Railway is operating on a seven months' option. This service is about to be discontinued completely and I think buses will replace the railway. I am not particularly in favour of the C.N.R. operating buses, but should they not be able to find an entirely responsible company I should like the minister to see to it that the C.N.R. does operate a service between Montreal and the south shore.

At the same time I wish to say that the Victoria bridge is now in very good condition for such a bus transport service, and I wish to thank the minister in that behalf, because I know he had some influence with the Canadian National Railways to get this thing going. The bus service between Montreal

and the south shore should cause no trouble whatsoever. Therefore I hope the best possible company will be chosen. If we cannot get the best company, I hope the Canadian National Railways will operate it.

Mr. Quelch: I wish to voice a protest against the action of the Canadian National Railways in attempting to close so many of the agencies in my constituency. I say "attempting" because fortunately the board of transport commissioners has refused them permission to close a number of them. Would the minister not agree that at any point where there is a certain volume of business and where the volume of business is at least as great as, or greater than, it has been in the past, the C.N.R. should attempt to maintain the agencies and leave the agents there? For instance, the minister must be familiar with the town of Munson, in one of the best wheat-growing districts in Alberta and a heavy producer of grain. They sought the right to close that agency last year. Then again, they sought the right to close the one in Huxley, in another very prosperous mixed farming district. Fortunately, in both these cases the board of transport commissioners refused to grant the permission.

I think the C.N.R. are acting out of all reason in apparently making an attempt to close out the agencies at so many points. It should not be merely a question of revenue. Surely the question of service should be taken into consideration. I hope the minister will try to use his influence with the railway to see that this policy of closing down agencies is halted. An effort should be made to keep them from attempting to close more of these agencies. I do not know how many have been closed in my constituency in the past five years, but it is a considerable number.

Mr. Small: Mr. Chairman, last week I quoted the decision of the board of transport commissioners with respect to the Canadian National Railways, and tonight I wish to make some reference to commuter rates, particularly to the decision handed down by the board on an application of the Canadian passenger association for a rescission of the board's order, 75234, dated September, 1950, which ruled that the railways were entitled to out of pocket costs and authorized as an adjustment in the Toronto area a 100 per cent increase in the commuter fares, to be effective in three stages, the first being 50 per cent on September 30, 1954; the second 25 per cent on March 31, 1955; and the third, 25 per cent on September 30, 1955, making the full 100 per cent within a year and a half. The railways stated that this would only give them a fighting chance to break even, and asked that the board give them discretionary power to fix commuter rates at a higher level if the new rates proved to be below the compensatory level. The municipalities contested this and contended that 35 per cent would be sufficient.

The board further held that the railways had on their own initiative over the years set their own rates in given areas, and that their allowance of a 50 per cent increase in all areas other than in the Toronto area was an interim judgment while further evidence was gathered, and their investigation would have to be continued before they could give a final judgment.

I might mention that the Canadian National Railways said that 44 per cent of their passenger traffic was commuters. This increase which was granted to the railways augmented their revenue considerably. The increase granted to the railways on commuter fares should have supplied sufficient incentive for them to make an improvement in service on the commuter lines, but that did not turn out to be the case. In fact they did not follow that up. In the submission of the president of the Canadian National Railways to the royal commission on Canada's economic prospects on January 19, 1956, Mr. Gordon made a statement to this effect. He said that the commuter service is an unprofitable operation because the benefits of the service are localized at present in Halifax, Saint John, Quebec, Montreal and Toronto; and with the future expansion, plus the past expansion, there would be additional demands for new or more service to new centres. The demand would be made by municipalities finding that they would have to have extra service.

The conclusion was that the railway commuter service was unprofitable at any level of fares that the commuters could afford to pay. No matter what rate was set it would not be satisfactory. Naturally you would expect that. He said that the decentralization of urban communities, to what he termed metropolitan satellite residential districts, meant that they must have high-cost streets and arterial systems for motor vehicles and road transportation, and that this created a demand for increasing railway commuter service. That is natural, too. He said, "Under these circumstances, if a municipality will make good our losses we are prepared to design a commuter service adequate to the demand" and he offered this suggestion, which is a proposition, as the only practical solution for the future.

Then later on, when he appeared before the railways and shipping committee, he was questioned about this submission to the royal commission. He said that what he had said

before the royal commission had been distorted. He said he had not asked for subsidies from the municipalities, but he did state that commuter service was unprofitable, and if any municipality wanted to talk to the railways about expanding commuter service they must talk in terms of benefit to their communities, that the whole of Canada should not have to pay for the losses on the Canadian National Railways to benefit one area only. He said that if more commuter service is to be built, then there should be a contribution from the area that receives the benefit. Then he made the further observation that all solutions so far advanced had missed the cardinal point that the railway facilities around Toronto were at complete saturation now and it is a problem to handle present business and traffic. It was mentioned that they had come to the end of the possibility of supplying better service.

Another statement which appeared in the press was made by Mr. Kyle, vice president of the central region of the Canadian National Railways. He had this to say in a well thought-out statement. It is physically not possible. The Canadian National Railways should not superimpose fast regular service on existing lines already jammed with long-haul freight and passenger trains. He said that local industries were coming into the metro areas so fast that his lines are likely to be overcrowded for years ahead. He said the Toronto union station cannot handle the present traffic, let alone thousands of additional commuters.

Then after making that statement he had this to offer. One solution is to parallel present lines and build a new station, and he proffered an estimate on the cost of purchasing and building a right of way of over $100 million, which the municipality would have to pay. I think it is time we had a clear understanding concerning how and why the railways received their charters and franchises. Was it not for the prime purpose of moving goods and people, and on the understanding that the extent of their prosperity and progress would hinge on the kind of service they gave as is the case in any other enterprise?

When the country was sparsely populated the railways were given aid to get started and were further assisted in lean years; but they were also required to strive for top service in the carriage of goods and passengers and were expected to apply all their effort to increase every phase of their operations and provide for the continual expansion of their systems. Have the railways ever tried to find out what kind of service the commuters required and what rate they could pay or would be prepared to pay in any given area? Have they ever given a fast, improved service with reasonable frequency and punctuality as an inducement to increase patronage? Obviously the answer is that they have not. Instead they have curtailed the number of runs, as we heard here tonight, and have complained about the handicaps they encountered. Other enterprises encounter difficulties but they manage to overcome them, and the railways have not done this. They have always adopted a defeatist attitude.

One can see by their statements that they would prefer to haul only the freight traffic because it is the most profitable.

An hon. Member: Turn another page.

Mr. Small: If the railways do not co-operate in providing service that will take commuters to their work where they fabricate the merchandise that the railways will haul, where will the railways get their freight traffic?

Let us see what the railways have done by way of planning in the past for inevitable future expansion. They have done nothing to secure property and needed facilities, and on their own admission they are stymied concerning the Toronto area because they failed to take such provident steps. They have not kept pace with progress in the last three decades and now they say to the municipalities, and this applies particularly to metropolitan Toronto, "You must pay cash on the barrelhead for the kind of service you want, to provide us with the physical assets which we failed to acquire during the past 30 years." How brazen can they get? Well, the last proposition of the Canadian National Railways is a glaring example.

Over 30 years ago Sir Adam Beck had envisaged a great network of electrically operated radial railways in a gradual expansion plan for Ontario that would have provided a fast commuter service as well as an intercity service. He advanced his campaign to the point of public acceptance, and then a whole horde of those who were envious of the success of the hydro project, wrathfully joined forces with those who personally disliked him because of his aggressive nature and adamant stand and opposed his radial project, and they were successful in their campaign which effectively scuttled the radial plan.

Where does the Canadian National Railways enter into this picture? What has it done concerning commuter rates and services? Through different days and different ways people forget over the years. Sir Henry Thornton, then president of the Canadian National Railways, aligned himself with

those who stood in opposition to Sir Adam Beck; and the weight of Sir Henry Thornton's prestige gave the necessary impetus to the campaign and he is given the credit for having scuttled Sir Adam Beck's radial plan. Even at this date the Canadian National Railways cannot detach itself from the culpability of Sir Henry Thornton's actions.

Sir Adam Beck died shortly afterwards. Had he lived to see his radial plan put in operation there would be no commuter problem in Ontario today. Is it any wonder that there should be resentment at the Canadian National Railways' cash on the barrelhead proposition, when they had not done anything to provide an efficient commuter service? They have made no attempt during the three decades I have referred to.

Mr. Castleden: Mr. Chairman, I have a few words to say under the item concerning the board of transport commissioners. This is the board which hears applications from the railway companies for permission to increase freight rates and alter passenger service and depot facilities and various other things having to do with the railways. I might say that I have always been appreciative of the service they have rendered and the attention they have paid to any recommendations or briefs which have been presented on behalf of groups or communities when the railways have made such applications. In the past year out of four applications which have been made for the closing of stations or depots in my constituency, in only one case was the application granted and the company given permission to withdraw its depot service.

There is an application before the board of transport commissioners at this time which is of great importance to all producers in western Canada. That is the application of the railway companies for permission to charge demurrage on cars which are still loaded with grain at terminal elevators 48 hours after reaching that point.

Mr. Marler: Mr. Chairman, I raised a point of order last Saturday when an hon. member was attempting to discuss the question of demurrage, and I think the Chair ruled that inasmuch as this case was now before the board of transport commissioners and was therefore sub judice it was not in conformity with parliamentary practice to discuss the issue of such a case.

Mr. Castleden: I realize, Mr. Chairman, that the application has been heard and there has merely been a postponement to September 10 which will of course completely remove the possibility of our discussing it in this house if the Chair so rules.

[Mr. Small.]

Speaking aside from the board itself, I would point out to the minister that there is a great need for storage space at terminal elevators, and also that the railway companies have a great need for cars for the movement of grain. I hope the problem can be solved in order that for the movement of grain cars will be made available which have been tied up at critical times in the past, which has caused the producers to suffer. It is also my hope that something can be done to prevent the cost of this increase being passed on to the already overburdened producers. I shall leave this subject at this point if that is the ruling of the minister—

Mr. Marler: It certainly is not my ruling.

Mr. Castleden: I am sorry; the ruling of the chairman with reference to the minister. I would now like to ask a question. In cases such as I have mentioned does the board carry out the policy of the government or are they left entirely to reach a judgment based on their own findings?

Mr. Marler: Mr. Chairman, I can say immediately they are a quasi-judicial body. The government does not attempt to direct the board as to the course of action they should take in any circumstances. Hearings are conducted before the board and evidence is adduced by all parties interested in the particular case. The board then renders its decision. In some cases there is an appeal to the supreme court and in some cases there is an appeal to the governor in council, so there really is no reason why the governor in council should intervene. I can assure the hon. member that the government does not attempt to influence the board in any way whatsoever.

Mr. Castleden: I would like to refer to the position of the transport controller.

Mr. Marler: That item has already passed.

Mr. Castleden: What item does that come under?

Mr. Marler: Under the first item.

Mr. Castleden: Under administration?

Mr. Marler: Yes.

Mr. Castleden: The whole matter is discussed under the one item?

Mr. Marler: Yes.

Mr. Castleden: I should like to refer the minister to a letter I wrote him on August 1. When I brought the matter up previously he said he would deal with any case that was brought to his attention. I wrote to him on August 1 regarding a particular case of allocations at Wishart, Saskatchewan, and

asked him for a report. I should like to know whether he can give a reply in that regard.

Mr. Marler: That is really not covered by the item, but I can dispose of it by saying that when the hon. gentleman raised the question I drew the matter forthwith to the attention of the transport controller. I think the hon. gentleman should not really expect me to act as a sort of messenger between the members representing different constituencies and the transport controller. If that were added to my already numerous duties I fear that my other work would be sadly neglected.

Mr. Castleden: I was not asking the minister to do that. He requested that I should call any particular incident to his attention, and I merely did so.

Mr. Marler: I think I shall have to withdraw that offer.

Mr. Harrison: The minister indicated a little while ago that the question I wish to raise should be asked on this item. It is in regard to the Northern Alberta Railways having been under construction for a great number of years. I do not think there are any physical reasons why it should be still under construction; very likely it is a device for maintaining a little higher freight rate. This railway is now far removed from a trappers' railway and is carrying a tremendous amount of freight, and I do not doubt that that is now a fairly remunerative part of the railway's operations. I know that in these times, when their costs are rising, they like to get revenue when they can get it, but that should be tempered with a little equity. I just wanted to ask the minister how long he might contemplate that this railway would be termed as under construction.

Mr. Marler: I am afraid I cannot answer that off-hand but I shall make inquiries and try to give the hon. member the information.

Item agreed to.

Canadian maritime commission—

495. Administration, $139,228.

Mr. Marler: This deals with the Canadian maritime commission. Inasmuch as questions were raised earlier in the discussion with regard to the government's interest in Canada's merchant marine, I should like to take this occasion to make public some changes that have been made in connection with both the replacement plan and the transfer plan. I think the quickest way for me to deal with the matter is to read the short statement I have in this connection.

Immediately after the war the government sold the bulk of its war-built fleet to private Canadian operators, subject to a flag covenant requiring that the ships be kept on Canadian registry. To overcome some of the practical difficulties arising from this covenant the government, on the recommendation of the Canadian maritime commission adopted two measures: the replacement plan and the transfer plan.

The replacement plan enables the owner, with the approval of the Minister of Transport, to sell his ship off Canadian registry, free of the flag covenant, provided the proceeds of sale are deposited in escrow to be used for the acquisition of an acceptable replacement for the ship sold. Up to the present time in all cases where escrow funds have been used, the replacement vessel became subject to the flag covenant without any limit of time.

The transfer plan enables the owner to transfer his ship from Canadian to United Kingdom registry under special arrangements. This allows him to overcome the handicap of the substantially higher costs of operating on Canadian registry and to carry cargoes for sterling freights, of which the profit is convertible into Canadian dollars.

To encourage a greater use of the replacement plan, the government has now approved certain modifications of the flag covenant on ships acquired in whole or in part with escrow funds. These modifications were recommended by the maritime commission after extensive discussions with the Canadian shipowners' association. They do not apply, however, to the original flag covenant which was assumed by the purchasers of ships from the crown and which remains unchanged.

From now on the flag covenant for a replacement vessel will be for five years if the vessel is built in Canada for the operator effecting such replacement, and for ten years in all other cases. This modified flag covenant will be applicable to the replacements which have already been effected.

As a further encouragement to the shipowner to replace the vessel originally sold by the crown and to invest his own funds for this purpose, the terms of the replacement plan have been modified so that if during the currency of the flag covenant the owner sells his replacement vessel off Canadian registry, he will be obliged to redeposit in escrow only a proportionate part of the escrow funds used for its acquisition. This proportionate part will be the sum which represents the same proportion of the

escrow funds invested in the vessel as the unexpired term of the flag covenant bears to the full term of the flag covenant. For example, if a vessel subject to a five-year flag covenant were sold when three years of the term remained to run, then three-fifths of the amount of the escrow funds invested will require to be redeposited in escrow.

Holders of escrow funds will now be allowed to use them for tanker type ships.

Furthermore, the use of escrow funds will be allowed for improvements to a vessel, excluding of course ordinary repairs and maintenance, whether effected in Canada or abroad, subject to conditions generally similar to those applying to the acquisition of a replacement vessel, unless modified by the maritime commission in special circumstances. The commission envisages that there would be no extension of the flag covenant if the conversion or alteration were carried out at the time of the purchase of the vessel. If, on the other hand, the conversion were carried out later, but during the life of the flag covenant, the commission does envisage an extension of the covenant based upon the amount of money used, expressed as a percentage of the original cost to the owner of the vessel. For such expenditures of up to 10 per cent of the cost of the vessel, there would be no extension of the flag covenant, but thereafter, in the case of a Canadian-built vessel with a five-year flag covenant, for each 20 per cent or part thereof one additional year would be added to the covenant, and in the case of a vessel built outside of Canada with a ten-year flag covenant, for each 10 per cent or part thereof one additional year would be added to the covenant.

Further modifications will also be brought about in the realm of capital cost allowances. At present, for income tax purposes, it is compulsory to pool vessels that have an exemption from recapture of depreciation, under section 4 of the Canadian Vessel Construction Assistance Act, with other vessels that do not benefit from this exemption. Consequently, when the owner disposes of some or all of the vessels so pooled, his exemption can readily become dependent upon the order in which they are sold. Broadly speaking, if the qualified ships are sold earlier and the unqualified ships later, the sale of the qualified ships may serve to wipe out the undepreciated value of the class. This situation could be remedied by permitting an owner, if he so elects, to treat as a separate prescribed class any vessel or vessels that qualify under section 4 of the act; that is, a vessel the proceeds of sale of which had been used for replacement under conditions satisfactory to the commission.

It is the government's intention to recommend to parliament at the next session the legislation required to remedy this situation.

At present under the income tax regulations a ship does not qualify for any capital allowances until she is, and I quote, "a ship as defined in the Canada Shipping Act". In practice this has meant that a ship must be practically completely built before being eligible for depreciation unless she is built under the provisions of the Canadian Vessel Construction Assistance Act. Generally speaking, therefore, the shipowner was placed in a position inferior to that of other enterprises which can claim capital cost allowances on assets as progress payments are made during construction. It is the government's intention to take the necessary steps to remedy this situation.

I must apologize, Mr. Chairman, for the length of the statement, particularly at this stage of the discussion, but I am sure hon. members will realize that these are significant changes in the provisions of the transfer plan and the replacement plan, and I think they go a long way toward meeting the requests which Canadian shipowners have made in recent months. Broadly speaking, while this does not represent all that we have been asked to do, it represents a very high proportion of what we have been asked to do and I think it is a very constructive move.

Mr. Green: Mr. Chairman, it would be quite impossible to deal with the minister's announcement this evening because we have not had an opportunity to study the details of the statement. However, as I understood him, it is in effect a change in the transfer and replacement plans and the purpose is to make it easier for shipowners to get modern ships. That would apply almost entirely to ships owned by Canadian shipping companies which are now flying the British flag and are manned entirely by British officers and seamen. It seems to be of no help whatever in re-establishing a Canadian merchant marine. In fact it may make it even more difficult to establish such a marine under the Canadian flag, because it is easing the covenant which provides that the shipowners must keep their ships under the Canadian flag if they wish to get certain benefits.

Mr. Marler: It is for the replacements that the covenant is being eased.

Mr. Green: That certainly will not make it more likely that we will have a larger Canadian merchant marine. I believe the time is long past when the government should have

adopted a policy to bring about the establishment of a modern Canadian merchant navy. But here again in the announcement tonight of this new policy the government is evading that question, failing to meet the main question, which is whether or not the Canadian flag is to fly on the high seas and Canadians are to have the opportunity of manning ships of their own country.

It is very appropriate that this discussion should come up under a vote for the Canadian maritime commission. As the minister knows, that commission was set up after the second world war, and for very definite purposes. It was given a very high status. I have here the act entitled the Canadian Maritime Commission Act, which was passed in 1947. Section 4 of the act provides that the commission and the persons employed by the commission shall constitute a department of government over which the minister shall preside, and the chairman of the commission was given the status of a deputy minister.

In other words this was not just an ordinary commission. This commission was set up as one of the most important commissions under the whole governmental framework. It was also given very wide powers. They are contained in section 6, which reads as follows:

The commission shall consider and recommend to the minister from time to time such policies and measures as it considers necessary—

For the following purposes, which I should like to emphasize in my remarks.

—for the operation, maintenance, manning and development of a merchant marine and a shipbuilding and ship repairing industry commensurate with Canadian maritime needs.

Then the act went on to outline in some detail the different ways in which these powers were to be exercised. Some of us had been advocating the setting up of a Canadian maritime commission for some years before the government actually took that step. When the bill was introduced in 1947 it was introduced by the present Minister of Trade and Commerce. I have here *Hansard* for June 23, 1947, and should like to quote from page 4514 what that minister had to say with regard to the functions of this commission. He said:

The bill seeks to set up an authoritative body to advise the government on shipping and shipbuilding matters and to administer certain matters relating to those industries. The proposed commission is to consist of three full-time officials who, as a body corporate—

This is important when we consider what has happened since.

—will be responsible to and subject to the direction of the Minister of Transport.

Then he went on further:

The function of the commission in its advisory capacity is to consider and recommend to the minister such policies and measures as it considers necessary for the operation, maintenance, manning and development of a merchant marine and a shipbuilding and ship repairing industry, commensurate with our maritime needs.

The minister also dealt with the power given to the commission to set up advisory committees from the various industries which were interested in the merchant navy. He said:

It is our thought, amongst others, that a standing advisory committee consisting of representatives of ship operators, shipbuilders, and seafaring personnel should be set up as soon as possible, which will provide a forum for discussion on a number of matters concerning the efficiency and development of the industries.

Before I go on to point out how the government has failed to keep the commission functioning as it was meant to function in the first place, I should just like to read what this same minister said about the need for Canada to have a merchant navy, as found at page 4214 of *Hansard* of June 16, 1947. He said:

I would not suggest that we have a merchant navy sufficient to carry all our exports. I would suggest that we require a merchant navy able to carry a substantial part of our exports and to protect Canada's position in the matter of freight rates and other problems of carriage. Today—

That was in 1947.

—we are the fourth maritime nation in the world—

We have slipped a long, long way since then.

—and when the boats now on British register are returned we shall probably be the third maritime nation in the world. Whether Canada in the future will require to maintain that position is a question for the maritime commission to study, so that it will be in a position to advise the government. Being a shipping and shipbuilding nation at the moment, it is important that we shall remain a shipping and shipbuilding nation.

I propose to point out now the tragedy of what has happened in spite of that statement made in 1947 by the present Minister of Trade and Commerce. A commission was duly set up. The chairman chosen was Mr. J. V. Clyne of Vancouver, a marine law expert and a man who understood thoroughly the problems of shipping. I think the minister will agree with that statement.

He did a magnificent job here as chairman of the Canadian maritime commission. The first three reports were submitted by Mr. Clyne. Then he resigned, and shortly afterwards was appointed to the supreme court of British Columbia, where he is rendering the same type of efficient service that he rendered here. Under Mr. Clyne the advisory committees were set up. The second report contained an analysis of the whole history of

Canada's shipping, shipbuilding and ship repairing industries and contained clear recommendations. I believe those advisory committees have never met since Mr. Clyne resigned.

When it came to replacing him, who was chosen? The man chosen was the deputy minister of the Department of Transport, who had probably as many duties as or more duties than any other deputy minister here in Ottawa. By that very action the government made it impossible for this Canadian maritime commission to function as it was intended to function, and the decline has continued steadily. I am not criticizing the present chairman, although I believe he has other duties to perform in addition to his duties as chairman of this commission.

The second member is one of the key men in the St. Lawrence seaway authority. He succeeded Mr. Lessard as the deputy minister of the Department of Transport, and is still a member of this commission. You can realize at once how much time he would have to work on those problems which were allotted to this commission under the original statute. The third member, Mr. Angus McGugan, unfortunately passed away a few weeks ago. He too had done excellent work, and I should like to pay tribute to his memory. That is the position of this maritime commission today.

My first suggestion to the minister is that he take steps at once to reconstitute this commission as it was intended to be in the first place. It was never intended to be just a back-office branch of the Department of Transport. It was intended to be set up as an almost independent commission able to consult with the people interested from coast to coast and to make independent recommendations to the government.

The policy recommended by this commission is contained in the second report. I am not going into any details other than to say that they recommended that Canada should have 50 dry cargo vessels. The tonnage was to be 500,000. They were not to be old wartime ships. The objective was 50 modern dry cargo vessels. That was the recommendation in 1949. The previous year this commission had worked out a transfer plan under which a large number of Canada's wartime merchant vessels were transferred to United Kingdom registry, where they remain to this day.

That was done because at the time ship owners were unable to operate these ships profitably under the Canadian flag, but the result was that all the Canadian sailors on those ships were put on the beach. They lost their jobs. Ever since then these ships have been under British registry, have been manned by British sailors and have been directed by the British government.

Within the last few days I believe that at least three of those ships have been requisitioned for service in connection with the trouble at Suez. That just shows how little they can can be regarded as Canadian ships. They are directly under the British authorities, and they are only Canadian in that they are owned by Canadian shipping companies which, of course, pay taxes to the Canadian government.

Mr. Marler: And, of course, they may be recalled at any time by the Canadian government.

Mr. Green: It will be very interesting if the minister will table the exchange of notes or the agreement with regard to these ships that were transferred to United Kingdom registry. When they can be requisitioned and sent to the Suez, as has been done within the last week, it does not look as though the Canadian government has very much authority over them. Furthermore, they are not modern vessels. They are all old, slow wartime ships.

So much for the transfer plan which is being modified to some extent by the policy announced by the minister this evening. In 1949 the replacement plan was arranged. I am not sure whether it was in 1948 or 1949 that the plan was commenced.

Mr. Marler: I believe it was 1948.

Mr. Green: The replacement plan was adopted on February 25, 1948. In 1949 the government adopted a policy of subsidizing a certain number of the merchant ships which remained on Canadian registry. The Prime Minister announced that policy on December 9, 1949. Under it $3 million was set aside, or $3½ million; I am not just sure which it was.

Mr. Marler: I think that is right; I think it was $3½ million.

Mr. Green: Under that policy $3½ million was set aside, which amount was to subsidize 35 or 40 vessels so they would be able to operate without loss. That plan was in operation only for the one year, but as a result of that assistance given in 1949, these ships were able to operate successfully until 1953. In 1953 there was trouble again. Ocean freights were down, the ships were having trouble, and another plan was announced on November 12, 1953. That plan—just as is the plan which the minister has announced tonight—was aimed primarily at easing the replacement plan, making it easier for the ship owners to get new ships. The

announcement with regard to that plan had this interesting final paragraph:

> It is further announced that, after due consideration, the government has decided that the request made by the Canadian shipowners' association for operating subsidy could not be approved at the present time. However, if it appears feasible to establish modern Canadian flag vessels on certain routes that would be of a benefit to the development of Canadian trade, Mr. Chevrier indicated that consideration might be given at a later date as to whether or not some form of assistance ought to be provided in such cases.

In other words, that was a half promise that there would be a subsidy for the operation of Canadian vessels on certain routes which were the most vital to Canada. Nothing ever came of that last proposal. There never has been any such assistance given. From time to time changes have been made in the replacement plan, just as a change has been made this evening.

Last year we raised this question in the house, of the situation of the merchant navy, and the minister told us he was concerned about it and was going to study it after the house prorogued. Well, he studied it until November and then an announcement was made which, in effect, said that the government would do nothing.

Mr. Marler: Which, in effect, said the government was not going to subsidize these ships.

Mr. Green: In effect it said the government was simply going to allow what did remain of the merchant navy to disappear. The government accepted absolutely no responsibility for the rebuilding of the Canadian deep sea fleet. This was in November and now, nine months later, we are getting this watered-down change in the transfer and replacement plan.

What is the situation of the Canadian deep sea fleet today? I have here the ninth report of the Canadian maritime commission, and it shows that of this fleet which ranked fourth in the world in 1947, we now have left under Canadian registry five 10,000 tonners; six 4,700 tonners; three diesel cargo ships and three other cargo ships, for a total of 17. All these 10,000 tonners and the 4,700 tonners are old wartime ships. There are three of the 10,000 tonners that belong to Dosco and are engaged in trade between Newfoundland and Sydney, Nova Scotia; one belongs to the Mersey Paper Company of Liverpool, Nova Scotia and the fifth, although it is under Canadian registry, is in Italy. It has not been back here for years and is manned by an Italian crew, with the exception of a British captain and a British chief engineer.

Then of the 4,700 tonners, incidentally reduced by one since last year, five belong to the C.N.R. and one is owned by the Mersey Paper Company. The diesel cargo vessels, of which there are three, all belong to the C.N.R. The other three cargo vessels all belong to the Mersey Paper Company. The tonnage of Canada's deep sea fleet of cargo vessels is now down to 87,085 tons, the lowest it has been in 40 or 50 years.

In spite of what we did during the war in the way of building, manning and operating merchant vessels, only the crews are left to man these ships. All the rest of the Canadian merchant seamen are on the beach; have had to find other jobs. The ship-owning companies, which are experienced and have done a good job, are working toward liquidation. Perhaps this new plan will stave that off for a while, but that is the trend into which the shipping companies of Canada have been falling.

So far as the amount of our own trade that we carry is concerned, that is set out also in this report. It shows that in 1954, which is the latest year for which figures are given, Canadian vessels carried only 2·1 per cent of Canada's overseas trade, down from 1947 when it was 20·2 per cent. United Kingdom ships carried 33·8 per cent, down from 45·2 per cent in 1947. The ships of other flags in 1954 carried 64·1 per cent of Canada's trade, and in 1947 they only carried 34·6 per cent. I venture to say that in 1955 the percentage carried in Canadian vessels was even lower than 2·1 per cent, and in 1956 it will be lower still.

In so far as shipbuilding is concerned, the only thing that has kept our shipyards active has been building for the Canadian navy. This report shows how that dropped off. Compared with 1954 there was a fall-off of 60 per cent in the gross tonnage and 50 per cent in the dollar value of ships delivered. Ship repairing is also dealt with. The total value of merchant and naval repair work completed in 1955 amounted to $27,039,805, and compared with 1954 this constituted a decrease of $11,104,723 or 29 per cent. This includes naval repair work. The average monthly employment in the industry, that is in the shipyards with 17 yards reporting, was 12,432, a decrease of nearly 20 per cent compared with 1954.

There is the sad story of what has been happening to Canada's deep sea fleet. At the same time, practically every other nation in the world has been building up its merchant navy. Switzerland, which does not touch the sea at all, has a much bigger merchant navy than Canada. We are building naval escort vessels costing millions of dollars. What are they going to escort? There are no Canadian merchant vessels for them to escort.

By the way, I should have given the figures for the Canadian-built ships which are under British registry. At the time this report was completed there were 99, and that was four less than the year before. Four of those ships have gone off the register. This minister and his predecessor have said that we have these old ships under British registry and if trouble comes we can use them. Apparently there are two pools if war should come, the United Kingdom pool and the United States pool. These Canadian-built ships go into the United Kingdom pool, and Canada will have to fall back on the United States to supply any merchant vessels she might require.

The situation on our coasts is tragic. Of course, coming from the west coast I am particularly concerned about it, as are the east coast members about their coast. Here is a dispatch that appeared in one of the Vancouver newspapers on February 18 of this year. It is headed, "Canadian Registered Freighters Fading Fast". It reads:

> Last year only six Canadian-registered deep sea vessels cleared the port of Vancouver. I think it is the lowest total of Canadian ships to sail from this port in the last 50 years. Ten years ago there were nearly 50 deep sea ships owned and registered in this port, carrying our lumber, wheat and other products all over the world. Most of those ships were built here. All of them carried Vancouver crews. Wherever one went in the world, those ships carried the name of the port of Vancouver.
>
> Today there is not a single Vancouver-registered ship on the high seas.

Then there is this significant paragraph:

> Rightly or wrongly, Ottawa has given up the ghost. The merchant service no longer exists, and all the royal commissions in the world won't bring it back to life against the hard facts of international competition.

I suggest that the minister go down and spend a weekend in a resort on the St. Lawrence river where he can watch the ships going up and down that river which is to constitute Canada's great inland seaway. I did that a few weeks ago. There is not one Canadian ocean-going ship operating on that seaway at the moment, and there is not going to be one unless the government changes its policy. Ships from Holland, Sweden, Norway, France, the United Kingdom and Germany are going up and down through that canal system even before the seaway is built, but not a sign of a Canadian vessel anywhere.

The eighth report of the commission set that out. It said:

> There were 11 steamship lines operating regular ocean services to and from the great lakes in 1954. Including liners and tramps, 99 ships, none of which was under Canadian or United States registry, made 275 trips from overseas ports to the great lakes.

[Mr. Green.]

In the ninth report we find the same situation; no Canadian ships, no United States ships, and a larger number of ships from the continent where they are building ships for the St. Lawrence trade.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member, but it is my duty to tell him that his 30 minutes have expired.

Mr. Green: I am not quite through.

Mr. Marler: Go ahead.

The Deputy Chairman: Shall the item carry?

Mr. Green: No.

Mr. Marler: I have no objection if the hon. member would like to continue.

The Deputy Chairman: With unanimous consent the hon. member may continue.

Mr. Green: The United States has moved to meet this situation. In February the United States maritime administration stated that its trade from the great lakes to Europe would be considered essential, and under the terms of their law it became eligible for subsidy. I have a dispatch dated Washington, February 8, which says:

> The United States maritime administration today made American ship operators on the great lakes eligible for government subsidies by declaring the ocean route between American lake ports and western Europe to be "essential" to U.S. trade and economy.
>
> The aim, officials said at a press conference, is to permit the United States vessels to compete with cheaper foreign shipping.

The report goes on:

> A reporter asked whether the subsidy would mean more competition for Canadian shipping.
>
> "It will certainly be competitive," maritime administrator Clarence G. Morse replied. "We'll needle our operators to do their damndest."
>
> He suggested the Canadian lake ports of Toronto, Hamilton, Windsor and Sarnia, Ontario, would benefit from increased trade.

I have other dispatches here, including the report of a speech made by our own minister, pointing out just exactly what that United States policy would do, and I do suggest to him that Canada should adopt a policy which would have the effect of putting a Canadian fleet on the St. Lawrence seaway to carry some of the Canadian goods overseas to Europe. Last year the minister criticized me by saying that I had not made any suggestions—

Mr. Marler: I was thinking the same thing this year.

Mr. Green: The minister is thinking the same thing tonight. Well, I am a little bolder tonight. I do urge in all earnestness that the government delay no longer in adopting

a policy which will put a Canadian flag deep sea fleet in being again. It may mean subsidization. No subsidy would be required at the present time because the ocean rates are so high. In many of those intervening years Canadian ships could have earned their way had they been given some encouragement by the government, but even if there has to be subsidization in order to keep a minimum number of Canadian ships at sea, then let us face that necessity and subsidize them. I believe that at the present time subsidies certainly would not be as much as $100,000 a year; probably $75,000 a year would be sufficient.

Mr. Marler: Per ship.

Mr. Green: Per ship, to keep those ships competing because the United Kingdom wages have gone up and, as I said, the freight rates are high. I do not believe it would cost this country very much money if a bold policy were adopted. Then I suggest that the government, having adopted the plan of having a merchant fleet, should appeal to the national spirit of the Canadian people. They are a maritime people. That has been shown time and again and, as a matter of fact, in the last war I believe the young men from the prairies made an outstanding record as Canadian sailors. Therefore it is not only a matter of the people on the coasts and on the St. Lawrence. Canada is now in a position where she could have a modern merchant navy, and it is far more important to us now than it has ever been, particularly because of the development of the St. Lawrence seaway.

I do urge upon the minister that he should not be content with this policy he announced tonight as the great cure-all. This is only a palliative. I do urge upon him that he see to it that his fellow ministers approve a policy which will once again put the Canadian flag on the high seas.

Mr. Marler: Mr. Chairman, I shall be very brief in replying to the hon. gentleman. He has adopted a very convenient line of argument. He has started with the recommendations which were made by the Canadian maritime commission in its first or second report, and he has very conveniently disregarded all that has happened since 1947; the fact that since 1947 other important shipping nations of the world have added materially to their shipping; the fact that the shipping market has changed entirely; the changes that have taken place in freight rates, and now the change that has taken place even with regard to these very vessels which constituted the nucleus of the Canadian merchant marine. He described the position of the owners as working toward liquidation. Now, Mr. Chairman, the fact—

Mr. Green: I said there was a trend toward liquidation.

Mr. Marler: Call it a trend toward liquidation, or working toward liquidation. I do not see very much difference between the two. The fact of the matter is that the owners of those vessels, which are now 99 in number, on the United Kingdom register bought those ships for an average price of around $400,000, and they can sell them today for prices varying from $700,000 to $1 million, notwithstanding the fact that they have been able to take depreciation on them during the intervening years.

The great difficulty in this matter is the tremendous disparity in operating costs on Canadian register in contrast with those on United Kingdom register. A moment ago the hon. gentleman seemed to imply that no subsidy was now required. Those are the words I thought he used; but the fact of the matter is that it is estimated that under present conditions it costs somewhere between $80,000 and $100,000 a year more to operate a 10,000 ton dry cargo vessel on Canadian register than it would to operate it on United Kingdom register. That is the crux of the situation.

When we discussed this matter last year and I told the hon. gentleman and other members of the committee that we were giving consideration to this problem of a Canadian merchant marine, that was an accurate statement of the facts. Consideration was given to the possibility of granting an annual subsidy to a limited number of modern vessels, but after the most careful consideration the government reached the conclusion that it would not be desirable to establish a system of annual subsidies to bonus operators of ships on Canadian register.

Following that announcement made last October I have had a number of interviews with representatives of the shipping owners, and I have suggested to them that we should consider the ways and means that should be taken in order to facilitate their operation of vessels even if it were necessary that they should operate them on United Kingdom register.

The conditions I have outlined tonight will, I think, do a great deal to stimulate the replacement of the present Park ships which are on United Kingdom register by new vessels which may be either on Canadian or United Kingdom register, depending on the circumstances; although, as I say, I think it is pretty clear that when Canadian costs are so much higher than those of the United

Kingdom there is a very natural tendency for an operator to desire to have his ship on United Kingdom register.

Mr. Green: There is not really much doubt that they will be on United Kingdom register?

Mr. Marler: No, but sometimes taxation and other reasons militate against a simple solution, and consequently there may be cases in which an operator will keep his ship on Canadian register rather than transfer to United Kingdom register.

I want to make it clear to the committee that under the arrangements that have been concluded, the so-called transfer plan, these ships that have been transferred to United Kingdom register or retained on United Kingdom register, may be recalled by the Canadian government at any time.

I would much prefer it if conditions were such that ships operating with Canadian crews, and paying Canadian wages, and carrying out their repairs in Canadian yards, were able to compete in the international market for freight; but it is perfectly manifest that so long as our Canadian costs are so much higher than United Kingdom costs we cannot do so without introducing a policy of subsidy. I would like my hon. friend to tell me where we will stop if we start subsidizing his industry, because there are many other industries which would get along very nicely if the government would pay subsidies and thus enable them to meet the cost competition of other countries.

Mr. Green: You are doing it every day in other cases.

Mr. Marler: I did not hear what the hon. gentleman said.

Mr. Bell: I would like to ask the minister what other industries want subsidies. I think almost every industry and everything else in Canada is subsidized and protected, and I do not see why we cannot do the same thing for our merchant fleet.

Mr. Marler: Mr. Chairman, when the hon. gentleman has an opportunity of carrying his opinions into effect it will be very interesting to see whether he will still preach the policy of subsidization.

I want to conclude by saying that one of the great difficulties we have been faced with up to now has been because the flag covenant originally contracted also applied to any new vessel that might be acquired or built as a replacement, ship operators, despite the most attractive price they could get for the ship they were operating, have hesitated to sell and have hesitated to effect replacements—because they were bound by the same covenant to maintain the ship indefinitely on Canadian register. The situation under the modifications I referred to earlier is that if the ship is built in Canada the term of the covenant will be for five years, and if built elsewhere it will be for 10 years. In other words there is a definite limitation, and I believe a very real encouragement to replace and build in a Canadian yard.

What is gratifying, Mr. Chairman, is to find that the Canadian yards are receiving an increasing number of inquiries from people who desire to build in Canada. There again we are faced with similar difficulties. It costs approximately $1.60 to build in Canada something that you can build in the United Kingdom for $1.

Mr. Green: But they can deliver much quicker.

Mr. Marler: Yes, they can deliver much quicker, as the hon. gentleman says, and for that reason Canadian shipyards are receiving inquiries in increasing numbers. I am hoping there will be more dry cargo vessels built this year than has been the case for a number of years past.

Mr. Bell: Mr. Chairman, I would like to make a few brief remarks on this item. First of all I want to associate myself with the very fine review the hon. member for Vancouver-Quadra has made of this extremely sad and outrageous situation that exists concerning our merchant fleet today. At the same time, Mr. Chairman, I want to be generous enough to say that I appreciate the difficulties the minister has in interesting his colleagues in the future of our fleet and our problems with respect to the sea.

There is no doubt about it, Mr. Chairman, our big difficulty is that we are a nation of landlubbers. That is one reason we have not a merchant fleet today. We are controlled inland by industrial central Canada. We do not have the background and the interest we should have in our coasts and their trade. Without carrying that thought further I want to say that probably the best example we can find in relation to our problem is the situation of the Canadian National Steamships West Indies fleet.

For quite a few years now we have let these ships operate from year to year without any definite future plans. We finally realized last year that they had a future, that there was some trade and some revenue there. The department has proceeded with a five-year plan now, and perhaps some credit is due to the minister. The fleet has been modernized, and we have taken that progressive step.

I say we should be making the same kind of plans for the future of our merchant fleet,

along the lines outlined by the hon. member for Vancouver-Quadra, in order that Canada may take her place among the great trading nations of the world. The minister laid great stress on the fact that salaries and operating costs were a problem. Certainly they are a problem. We cannot blame our sailors who when they go to sea want the same conditions and salaries they enjoy at home, because we have a high standard of living in this country.

Mr. Dupuis: We do not blame them.

Mr. Bell: I am simply suggesting, Mr. Chairman, that our seamen want what they are accustomed to at home.

Mr. Marler: Of course they do.

Mr. Bell: We do not blame them for this but fortunately—or unfortunately, perhaps—we have a high standard of living in Canada. Some of us think it is slightly artificial, but we do have it. These men want the conditions to which they are accustomed, and when they are in competition with fleets from other parts of the world they have difficulty. The same difficulties exist in many of our industries in this country. How many of the industries in Canada today, apart from the few that are living off our natural resources, are not protected and subsidized to some extent? I make the plea that our merchant shipping fleet should have the same consideration. This is absolutely essential, and it accompanies the fact that we are emerging as a major power in this world.

One evening recently I mentioned the fact that 24 nations are meeting in London to discuss the Suez crisis, and Canada is not one of them. No responsibility; isn't that great? It may be very well to say we have no responsibility, but we know it is because we are not considered in the oceans of the world. How proud we would be to be able to see the Canadian red duster. We do not even have any argument about the flag that would be flown in all the parts of this world.

I say we have an example in the Canadian National Steamships where a little forward thinking might have helped the situation which, the department now admits, indicates a future with respect to trade in the Carribbean sea and related areas. I suggest that the salaries are an old excuse. It does not mean anything nowadays. We hold no brief for the seamen and their strikes in the past, but we have to wake up. We have to realize that central Canada is not everything in this country. We can talk of industry and the profits from war materials and some of the easy money we made in the last war, but we still have to take our place at the council tables of the nations when war conditions are concerned.

Those are my serious thoughts, and in that connection I have a question to ask the minister. The hon. member for Vancouver-Quadra asked a question and the minister replied to it, but I do not think he went far enough. He asked what exactly are the terms of an agreement with respect to the return of these vessels from their registry in the United Kingdom. I think the minister said, "When they are needed." I should like to ask him whether he would give me a more specific answer.

Mr. Marler: The answer is very simple. The British government can at any time return those ships to Canadian registry if it so wishes; and any time the Canadian government desires that they be returned to Canadian registry they must be returned.

Mr. Bell: In other words, if we were to indicate at any time that we needed those ships back in Canadian waters, they would be our own without any strings attached?

Mr. Marler: Correct.

Mr. Bell: My second and final question is with regard to the inquiry I made of the minister concerning the brief of the naval officers' association of Canada, a very responsible body which convened in Montreal at an annual dominion association meeting about six weeks ago. There it was suggested that it was imperative that a merchant fleet be considered, and I think a subsidy was mentioned. At that time the minister said he would not comment but that he would look into their brief in detail.

Is he in a position now to say what he thinks of it? I admit that I have never seen the brief. The difficulty with any thought of promotion of the merchant fleet is that naval matters always receive first consideration; they are under a budget. But I feel personally that if a group of officers who know and understand the past history and record of the merchant navy say that we are in a serious state, then we should take cognizance of that. Would the minister comment on that?

Mr. Marler: What I have said in response to the comments of the hon. member for Vancouver-Quadra applies with equal force to such representations as have been made by the body to which the hon. gentleman has just referred. There cannot be two different answers to the same question.

Mr. Green: May I ask the minister how it would be possible for Canada to man these ships if she did recall them from the

United Kingdom? I understand that the United Kingdom is now having great trouble in getting sufficient seamen to man her own ships. The Canadian seamen have all been shoved off on to the beach. How would Canada man these ships if she did recall them?

Mr. Marler: The problem of manning ships has arisen before. When these ships were built we needed men to operate them, and we got them. I think if an emergency arises and Canada decides to have these ships retransferred to Canadian registry, we would not do it in such a way that they would all arrive on the same day; we would do it in such a way that the manning facilities would be equal to the task.

Mr. Green: What is the explanation for the United Kingdom government requisitioning these ships in the last week?

Mr. Marler: I take it that if these ships are on the registry of a particular country they are subject to the laws of the country of registry.

Mr. Green: That is the whole point.

Mr. Marler: That is an advantage or disadvantage, depending on the circumstances. I cannot see that they are being exposed to any particular disadvantage in the circumstances.

Mr. Green: Will the minister table the agreements or the exchange of notes for whatever contains the agreement between Canada and the United Kingdom covering these ships.

Mr. Marler: I would have to look into that. I could not give an answer, either negatively or affirmatively, at this time.

Mr. Bell: May I follow that up by asking this. If the Canadian government indicated a need for the ships, would it be subject to the fact that the United Kingdom herself would not want them for any sort of emergency state?

Mr. Marler: What I said is perfectly clear, and the hon. gentleman has no reason to add those qualifications.

Item agreed to.

496. Steamship subventions for coastal services, as detailed in the estimates, $4,016,800.

Mr. Matheson: I have a question concerning the new and modern ferry that is now being built to carry passengers, cars and other motor vehicles between Caribou, Nova Scotia, and Wood Island in my constituency. Has the minister the latest information regarding the possible target date for launching the ferry, when it will be completed, and whether it will go into operation at the start of the tourist season next year?

Mr. Marler: In view of my recent experience with ferry vessels I should be very hesitant to predict the exact date on which this new ferry is going into service, but it is our hope that we shall be able to have the vessel launched by the end of this year and that it will be in service by the summer of 1957.

Item agreed to.

National harbours board—

497. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1956 on any or all of the following accounts:

Reconstruction and capital expenditures—	
Halifax	$1,942,000
Saint John	845,000
Quebec	1,687,000
Prescott	40,000
Port Colborne	80,000
Generally—	
Unforeseen and Miscellaneous	200,000
TOTAL	$4,794,000
Less—Amount to be expended from replacement funds	79,236
	$4,714,764

Mr. Fairey: I have a question that I have been asked to address to the minister by the hon. member for Verdun, who unfortunately had to leave. Would the minister be kind enough to tell the committee whether the site of the proposed bridge that is to span the St. Lawrence river at Nuns' island has been already chosen and, if so, would it be premature to disclose it now?

Mr. Marler: I believe the national harbours board has reached a decision as to the location of both ends of the bridge to cross the river by Nuns' island in Montreal, but I am unable to give an exact description of the site at either end. So far as the north end of the bridge is concerned, it has been the subject of discussions with the municipalities of the city of Montreal and the city of Verdun. So far as the south end is concerned, it has been the subject of conversations with representatives of the provincial government, but we have not received final approval from the provincial government of the site of the south end of the bridge.

Mr. Hamilton (Notre Dame de Grace): Has the minister made any progress in attempting to negotiate for a fire boat for Montreal harbour? I would point out to him that more and more, with the immediate advent

of the seaway, this is becoming a sheer necessity for that area. The St. Lawrence municipal bureau has made a study of it in conjunction with the shipping federation of Canada. They point out that if there were a fire in the channel in the area of Montreal harbour the seaway itself could very well be blocked for an indeterminate period of time.

I am not so much worried about that at this point, serious though it is, as the very simple fear that a day will come, as it does in most harbours, when there is going to be a serious fire on board a vessel in the harbour. The fire fighting equipment in Montreal harbour consists of a few piddling little hoses on one or two tugs for which fire fighting is very definitely a secondary consideration, and when such a fire occurs the fire fighting equipment will be totally inadequate. People will die and the harbour will be disrupted.

The damage may be tremendous, and it will be almost completely because of a lack of liaison and a lack of activity on the part of the federal government in pushing this thing through. I realize the minister's argument is that it is partially the responsibility of the city of Montreal but I remind him again that the national harbours board is not the property of the city but the property of the federal government, and it is the federal government's prime responsibility to provide fire protection on the water side.

I would also point out to the house that the federal government is now putting up $33,000 a year for the city of Vancouver alone toward the operating costs of a fire boat, and it would seem to me that something like this should be done and done immediately in the city of Montreal.

Mr. Marler: May I say just a word on that subject. When I first became a member of the city council of Montreal in 1941 that subject was discussed. I think I may say it was one of those perennial subjects that were discussed on some occasion every year during the seven years I was a member of the municipal council. The hon. gentleman has just compared the situation in Vancouver with that in Montreal. The two harbours are not comparable. The fact is that the harbour of Montreal extends over a very considerable distance, and it is a fact that fire protection can be much better afforded by the very excellent fire department of the city of Montreal than if these facilities were to be provided by fire boats.

The speed in reaching the scene of a fire when the apparatus travels by road is so much greater than if it travels by water. In the past there have been fires on vessels in the harbour, and there were fires before I became a member of the city council. I think the fire department has dealt with them most capably and competently, and I do not really believe that an improvement can be made on what they are doing.

The subject has not been recently discussed between the city authorities and the national harbours board, but if the city authorities feel that the subject should be re-examined we would be very happy to study any fresh representations they would like to make.

Mr. Hamilton (Notre Dame de Grace): Is the minister prepared to make a grant to the city of Montreal on the same basis as that to the city of Vancouver if the city should desire it?

Mr. Marler: As I said, the two harbours are not comparable, and I could not give a categorical answer, either yes or no, to the hon. gentleman's question.

Mr. Vincent: Mr. Chairman, I have a supplementary question with respect to the Nuns' island bridge. There is a great deal of interest in the bridge in my constituency, and I should like to know if the minister can tell me at this time the approximate date of commencement of construction and the approximate date of completion.

Mr. Marler: I am sorry, but I cannot give either the date on which the work will start or the date on which it will be finished. I will tell the hon. gentleman that Dr. Pratley and the firm of Lalonde and Valois have been retained for the preparation of the plans, and they have been engaged on the project for some months now. I think the work is progressing in its present stage as rapidly as can be expected.

(Translation):

Mr. Dupuis: Mr. Chairman, since we have been dealing with bridges, more particularly the Jacques Cartier bridge, without repeating the arguments I used, I should like to ask the Minister of Transport once again to be so kind as to tell us whether or not he has considered the many suggestions which were made to him for the abolition of toll charges on the Jacques Cartier and Victoria bridges. I understand that these tolls are still in force.

I wonder if it would not be possible, after considering the points we have brought up, to grant this request in the nearest future possible.

At any rate, if they are maintained, I suggest again that toll charges be applied to vehicles only, and not to passengers of automobiles crossing the bridge. I believe that revenues have increased considerably; there

are no more deficits. Again may I say that, if it is impossible to abolish toll charges altogether, I think that they could at least be limited to vehicles.

Now, there is another matter I had raised and upon which I would like to speak very briefly. It concerns the site of the toll collection booths. I had suggested that they be located at the south end of Jacques Cartier bridge simply because that would give the citizens of Montreal free access, without having to pay tolls, to St. Helen island, which belongs to them. This will hardly be news to the minister, since he is perfectly aware of the situation, having been a member of the municipal council. I repeat this request out of regard for the citizens of Montreal. It is only fair that they should be allowed to go to the island without having to pay the toll to cross the bridge.

Now, during the debate on the address, I had asked whether it would not be possible, at least on the Montreal bridges if not throughout the province and this country, to make toll charges uniform? That is to say, why would it not be possible to use the same tickets on the bridges which belong to the government as such or to the harbours board?

To sum up I would like to ask the minister to take into consideration the suggestions that I have put forward to the effect that toll charges be levied on vehicles alone, and not on passengers, that the people from Montreal be allowed to go into the St. Helen island without having to pay anything and, finally, that toll charges be made uniform on these various bridges. This would be until such time as toll charges are abolished altogether.

Mr. Marler: Mr. Chairman, I will answer very briefly the questions just put to me by the hon. member for St. Mary. First, that of toll charges on bridges. I may say that a committee was formed in early 1955 to study this whole question.

Following the studies made by that committee, we came to the conclusion that, for the time being at least, it would be preferable to consider the creation of new facilities, even toll facilities, rather than the abolition of present toll charges, a course that would deprive the population of Montreal of the benefits resulting from the construction of a new bridge. It is as a consequence of the studies made by that committee on toll charges and as a result of the representations submitted by the delegates of the city of Montreal that the government came to the conclusion that the construction of a new bridge through Nuns' island would be justified.

Following these recommendations, we studied the possibility of undertaking the construction of a bridge through Nuns' island. The national harbours board is at present considering a change in rates so as to exempt automobile passengers. I must give at least a word of encouragement to the hon. member by telling him that it is the national harbours board intention, when rebuilding the approaches at the south end of the bridge, —which will be made necessary by the construction of the seaway—to locate the toll collection booths at the south end of the bridge and thus to provide facilities so that traffic will be delayed as little as possible.

The hon. member has asked for the abolition of the toll charges; we shall give him half a loaf since the collection booths will be located at the south end of the bridge.

I must tell him that there have recently been talks between the authorities of the C.N.R. and the national harbours board with a view to standardizing the tolls on both bridges; I do not know whether the required order in council has been passed, but the matter will be settled shortly.

As far as the St. Helen island matter is concerned, we are investigating the possibility of admitting free traffic going to St. Helen island, but there are certain difficulties for, as soon as people could cross the bridge free of charge, there would be too much congestion. At any rate the matter is under consideration, and it is possible that the national harbours board may come to the conclusion that it would be advantageous to do something along the lines suggested by the hon. member.

(Text):

Mr. Vincent: Mr. Chairman, I shall not be taking up much of the time of the committee but these two bridges, namely the Victoria bridge and the Jacques Cartier bridge, happen to be in my constituency. For some time, as you know, this question of bridge tolls has come up perennially in the house. I was surprised this year that no motion was on the order paper, because the matter usually creates a long debate. I understand that the Minister of Transport is not the only authority responsible for the construction of bridges between Montreal and the south shore.

I think that we should review the situation a bit and find out what could be done in order to give a new slant to this problem. It is a known fact that the roads department of the province of Quebec must connect the various cities and towns in the province. Consequently they should also connect Montreal with the south shore. But there are problems which arise. For example, the St. Lawrence seaway being constructed at the moment will necessitate the construction of higher bridges.

I can therefore just imagine the provincial authorities saying, "We will not build the bridge because we think it will cost more owing to the fact that it must be higher". This is a fact that we should bear in mind.

Also there is the question of the Canadian National Railways. In my opinion the C.N.R. is not obliged to provide facilities for motor vehicles. If it does so, it does so purely as a matter of grace. I can well understand the fact that tolls are being charged for doing it; but I thought maybe it could be possible, as is done in certain other commissions or authorities, to have a joint authority which could comprise the municipal, the provincial and the federal authorities to form what we would call the Montreal bridge authority.

This bridge authority would be responsible for the construction of bridges. It would also be responsible for their maintenance. Its revenue would be derived in direct proportion to the interest of each government agency in the proposition. For example, the Montreal harbour bridge was constructed with the primary idea in mind of helping the port of Montreal. That is a known fact. The C.N.R. bridge is constructed with the idea of getting the railroad across. As I said a while ago, since the seaway comes into the picture it must foot a part of the bill, because bridges from now on will not be able to be flat, or they will be too low for the passage of ships. Consequently in this respect I thought all the agencies concerned would more or less give a certain amount for capital expenditure and an amount for maintenance and upkeep which would be proportionate to the amount of the capital outlay at the outset. This is the proposition I make to the house.

I know it is not only a matter of the responsibility of the Minister of Transport. It would be a matter which would have to be studied by the Canadian government. The provincial authorities would have to be contacted, as well as the authority of the city of Montreal because, after all, the city of Montreal has certain responsibilities in connection with getting the citizens of that city outside the island. I think it is preposterous that 2 million people should live in the city of Montreal without having any decent outlets over the St. Lawrence river. It is true that the city of Montreal has certain responsibilities in this respect. The department of roads of the Quebec government also has a responsibility. I wish each authority concerned would see to it that they take to heart their respective responsibilities and co-operate in forming this Montreal bridge authority.

One of the main reasons for forming that authority is this. At the present time I think the Minister of Transport is always receiving requests—as is the C.N.R. and as is the seaway authority—for the construction of bridges. If the petitioners cannot obtain favour from the C.N.R., they go to the seaway authority; and if they cannot obtain it from the seaway authority they go back to the C.N.R. or they may go on to the national harbour board. We therefore have a population of 100,000 people right there on the south shore who do not know where to turn in order to get their proper bridge connection with Montreal. At times I think they are inclined to bite the hand that feeds them. We cannot blame them too much for that because, being between the C.N.R. and the seaway, they feel as though they were between the devil and the deep blue sea. That is the whole thing.

If we had this authority it would control the construction of bridges. It would alleviate the responsibility—which, as a matter of fact, is not a total responsibility—on the part of the Department of Transport. I repeat that the harbour commission is not obliged to build transport facilities between Montreal and the south shore. Their obligation is only partial. So is that of the C.N.R. Consequently if we link up all these partial responsibilities into one responsibility, namely the Montreal bridge authority, and if they control the thing; and if the Canadian government would vote an expenditure every year for the Montreal bridge authority, as would the provincial government and as would the municipal government, we would do away completely with the tolls, and the people would not have to go around asking for a political hand-out in connection with bridge communication between Montreal and the south shore.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, a few moments ago, in answer to one of my observations, the minister said he would not commit himself with regard to any financial assistance to the port of Montreal in connection with a fire boat. I would remind him that his remark seems to me to be directly contrary to a remark of his predecessor on May 27, 1954, when Mr. Chevrier, having pointed out that in Vancouver the city had paid for the boat and the

federal government paid the subsidy to the city, continued as follows:

> On all occasions I have clearly indicated, in this house, and elsewhere, that if the city of Montreal or any other national harbour wishes to do the same thing as the city of Vancouver, their application will be considered in the same way.

Since the Vancouver application was considered and accepted, I assume the Montreal application if considered in the same way would be accepted. I just thought I would draw this to the minister's attention, because I am wondering if it is a case of the government going back on a promise it has made or whether the minister did not remember this promise being made.

Mr. Green: There are two questions I should like to ask about Vancouver harbour. In a press dispatch of June 15 there is reported a visit to Vancouver by at least two members of the national harbours board. It says:

> Possibility that a new $10 million deep sea shipping pier will be built by the federal government in Vancouver harbour was strengthened today by two members of the national harbours board.
>
> NHB members C. H. Malcolm and E. J. Alton said in an interview today they will support a recommendation for a new pier just west of Ballantyne if shipping business here continues to boom.
>
> The new pier was first proposed 25 years ago but Mr. Malcolm said today "if business of the port continues to increase the way it has we'll probably recommend a go ahead on the pier."
>
> "It will be needed."

I would like to hear from the minister as to whether or not that pier is to be built. I cannot find any item in the estimates which appears to be earmarked for that purpose. Perhaps the minister could tell the committee what the situation is with regard to this pier?

Mr. Marler: Mr. Chairman, the estimates contained no provision for an expenditure for this purpose, but I should like to tell the hon. gentleman that the subject has not yet been discussed by me with the board. I have not yet received any formal recommendation on the subject from them.

Mr. Green: Then I take it the statement was rather premature?

Mr. Marler: If I said it was premature, perhaps that would be incorrect. So far as I am concerned, if the commissioners made the statement I am sure they knew what they were talking about. I can merely say that it has not yet been the subject of discussion between myself and them.

Mr. Green: I hope the minister will give this subject very serious consideration. The business of the port has been growing very rapidly and the pier has been needed for a long time.

[Mr. Hamilton (Notre Dame de Grace).]

The other question has to do with an investigation which was made by the research council on behalf of the Department of Transport into the tides and currents in Burrard inlet which, as the minister knows, is the main portion of Vancouver harbour. This report as a matter of fact is dated December 30, 1954; I did not realize it was that old.

Mr. Marler: I did not even realize there was such a report, because it is certainly not at the instance of my department.

Mr. Green: Is the minister's department not involved at all? Surely it would be, because there is a proposal for a tidal dam at the second narrows, and that would certainly involve the national harbours board in some way or other.

Mr. Marler: All I can tell the hon. gentleman is that I have no knowledge whatever of the subject, and I can only believe that it must have been a study initiated at the request of the Department of Public Works.

Mr. Green: No; some years ago we had—before the minister came to the house—a discussion about the deepening of the first narrows, and it was as a result of these debates that this investigation was made. The minister involved was the Minister of Transport and probably also the Minister of Public Works. Would the minister go into this question with the Minister of Public Works and see what has been done?

Mr. Marler: I shall make inquiries to find out how the study came to be initiated. Just at the moment I do not detect any element of responsibility of the Department of Transport.

Mr. Van Horne: I should like to mention one word about the Campbellton-Cross Point bridge—

Mr. Marler: We are not discussing bridges under the national harbours board item, except the bridge that is being constructed by the national harbours board directly, and I believe that one should have been discussed under the supplementary estimates. The bridge the hon. gentleman has in mind is a proper item for discussion under the Department of Public Works and not the Department of Transport.

Item agreed to.

Loans, investments and advances—

531. Loans to St. Lawrence seaway authority in such manner and subject to such terms and conditions as the governor in council may approve, $75,000,000.

Mr. Nesbitt: I had three 30-minute speeches prepared on this subject, but perhaps it would better suit the minister if I confined myself

to a few very brief questions. If the minister will permit I have about eight short questions I should like to ask him. If it is possible to give the answers, it might facilitate things.

How far behind schedule is the work on the St. Lawrence seaway in the international rapids section?

Mr. Marler: It is not behind schedule.

Mr. Nesbitt: The reason I ask the question, Mr. Chairman, is there is a reference to that in an address given by Hon. Lionel Chevrier on May 4 last. At page 6 of his remarks he said:

> The Canadian share in the work in the international section at the present time is the construction by the St. Lawrence seaway authority of a canal and lock at Iroquois required to by-pass the control dam. Work has now been going on for over a year. Here, the contractor has completed 40 per cent of the excavation and the work is slightly behind schedule.

Mr. Marler: As a matter of fact, Mr. Chairman, perhaps I was a little too categorical in my answer. There is one contract in the international rapids section which has proven to be exceedingly difficult and the contractor has had some difficulty. I do not believe the delays that have occurred so far are material or will delay the project itself.

Mr. Nesbitt: The second question is, is the seaway program in the Lachine section at present behind schedule? As I understand it from Mr. Chevrier's remarks earlier this year at that time it was, or has the program been caught up?

Mr. Marler: I am not aware, Mr. Chairman, that in the Lachine section there is any delay in the execution of any of the contracts. If Mr. Chevrier indicated by some public speech that there was some contract that was behind, I am not attempting to question his statement. All I am saying, Mr. Chairman, is that in no case, with the exception of the Iroquois lock, has the subject been considered sufficiently important for Mr. Chevrier to discuss it with me.

Mr. Nesbitt: Referring to Mr. Chevrier's remarks, he said:

> This one has been delayed because of high water, but with normal conditions again prevailing, it will catch up.

That is why I specifically phrased my question to ask whether it was up to schedule at present.

The next question I should like to ask the minister refers to remarks made by Mr. Chevrier in this same speech, at page 7. He said, referring to the lake St. Francis section:

> The lake St. Francis section includes the portion of the river throughout the lake St. Francis area, a distance of approximately 15 miles. Here dredging will be undertaken in three locations at a total cost of $6 million.

Last year in answer to some questions I asked in the house the minister sent me an estimate of the cost of the various sections of the seaway. I see the lake St. Francis section here is estimated to cost $9,830,000. I was wondering, in view of the fact these figures were given at different times, if there had been some change or which figure is correct, the $6 million suggested by Mr. Chevrier or the $9 million given to me in the report by the minister last November.

Mr. Marler: I quite frankly do not recognize the figure of $9,800,000 for the lake St. Francis section. I had always understood that the expenditures there would be approximately $6 million.

Mr. Nesbitt: Well, possibly. I can send it over to the minister and he might confirm it. Is there a page available?

There are one or two other questions I would like to ask regarding the deepening of the upper portion of the seaway. I realize, of course, Mr. Chairman, that the seaway as it is envisaged at the present time just goes to the entrance of lake Erie, but eventually access will have to be had to the upper lakes. Let me refer to a news item from the London *Free Press* of Friday, May 18, of this year. It says:

> Equipment shortage penalizes Windsor, upper lake ports.

First of all, I should like to ask the minister a question with regard to the deepening of the Detroit and the St. Clair rivers. Is the Canadian government taking any part in that, or paying any part of the cost, or is that to be done largely by the United States?

Mr. Marler: I think, Mr. Chairman, it will be done by the United States because it is not a part of the seaway project and traditionally, I think right back as far as confederation, dredging in that part of the waterway has always been done by the United States government.

Mr. Nesbitt: Another question that arises in my mind is this. I have been given to understand that the depth of the new seaway is 27 feet, and vessels of a certain draft will be able to pass through. Can the minister tell us exactly the draft of vessels that will be able to go through. Is it 26 feet?

Mr. Marler: My understanding is that we have been thinking of ships of 24 and 25-foot draft.

Mr. Nesbitt: Owing to the difference in the specific gravity of salt water and fresh water,

ships which draw 24 feet in salt water would probably draw 25 or 26 feet in fresh water. Is this taken into consideration with respect to the type of ship that will be moving up the seaway?

Mr. Marler: I have never been good enough at mental arithmetic to be able to convert sea water into fresh water.

Mr. Nesbitt: I was just giving an approximation.

Mr. Marler: Consequently the draft figures I have just given are obviously the draft figures in the seaway, regardless of what the situation may be when they get into salt water.

Mr. Nesbitt: Last year I asked the minister a question on his estimates with respect to whether or not any report had been prepared, either by the Department of Transport or by the seaway authority itself, on some sort of future estimate of the economic effects of the seaway on the surrounding territory, and possibly with respect to the country as a whole. The minister replied last year that such a study had been made by the seaway authority and that it would be ready this year. Can the minister tell us anything about how soon that study might be available?

Mr. Marler: Well, Mr. Chairman, I believe the work is continuing, but I have not been advised that the study was approaching completion. I do not think the seaway authority would consider that was something that was of urgent importance, and I do not believe it has been possible to make a great deal of progress with it.

Mr. Nesbitt: Perhaps the minister can let me have the information on this at a later date. Has the minister any statement to give us at this time with respect to the proposed tolls on the seaway? There has been some suggestion that there might be a toll of 50 cents a ton, for instance, on iron ore coming from Labrador. I wonder whether the minister has any comment to make on that?

Mr. Marler: I can only tell the hon. gentleman that the question of tolls has been the subject of discussion between the authority and the St. Lawrence Seaway Development Corporation, but that the question has not advanced beyond the stage of discussions.

Mr. Nesbitt: I take it the discussions are in a preliminary stage at the moment.

Mr. Marler: That is my understanding.

Mr. Nesbitt: I have just one or two more questions. Has any consideration been given by the seaway authority, in conjunction with the Department of Transport, with respect to harbours on the great lakes, particularly lake Ontario and lake Erie, which might have to be deepened as a result of the completion of the seaway in order to accommodate ships coming up from the ocean, and and also with respect to any harbour works that would be contemplated? Has any study, or any survey, been made on this up to date?

Mr. Marler: Mr. Chairman, this is a question which primarily comes under the Department of Public Works, not under the Department of Transport. Our only contract, or our only connection with it would be in cases where the smaller harbour commissions brought the matter forward for the consideration of the Minister of Transport, who speaks for them in parliament.

Mr. Nesbitt: I quite realize, of course, that public works constructs this type of thing. In view of the fact that certain markings, buoys at entrances to harbours, the consideration of lighthouses to be placed, and that sort of thing, come under the Department of Transport—

Mr. Marler: I am not talking about that, Mr. Chairman. The question did not deal with aids to navigation. I was talking about the construction of harbours which might be built or deepened because of works undertaken by the seaway, and I think I made it perfectly clear that if work of that kind were to be contemplated or to be carried out it would be done by the Department of Public Works and not by the Department of Transport.

Mr. Nesbitt: I am quite aware of that. Perhaps I did not phrase my question just as I intended. What I had intended to ask the minister was this. In view of the fact that a large number of ships are expected to be using lake Ontario and lake Erie after the construction of the seaway and after it is opened, has the Department of Transport given any consideration to making a survey of the harbours that might require additional aids to navigation or might require additional works or deepening, as the case may be.

Mr. Marler: Mr. Chairman, all I can say is we have had no such request at the present time.

Mr. Nesbitt: In other words, Mr. Chairman, as I understand it no survey has been made either by the authority or by the Department of Transport?

Mr. Marler: Neither by the authority nor by the Department of Transport.

Some hon. Members: Carried.

Mr. Nesbitt: If hon. members are going to insist on calling "carried" I have quite a

number of questions I can ask. I have only one more at the moment. When is it expected that the seaway will be completed?

Mr. Marler: Toward the end of 1958.

Mr. Hamilton (Notre Dame de Grace): I think it is on this item that the minister planned to make his statement on Victoria bridge.

Mr. Marler: I had not planned to make a statement, Mr. Chairman. I thought the hon. member wished to discuss some matter on this particular item of my expenditures, and I had hoped to be able to satisfy him, if he had some questions he wanted answered.

Mr. Hamilton (Notre Dame de Grace): Would the minister care to tell the committee what the present plans are for the southern end of Victoria bridge and the handling of the trains in the immediate area of that bridge? He will remember, of course, that the people in that area are very disturbed because a great deal of valuable residential property is in danger.

Mr. Marler: Mr. Chairman, two possibilities have been considered. One was to build what we have called, for want of a convenient term, a diversionary bridge on the south end of Victoria bridge. As I say, two possibilities were considered. One was to build a diversionary bridge on the downstream side, the other was to build it on the upstream side. The upstream side, in my opinion, seemed to have the most to commend it because, as the hon. member will probably recall, in February or March of 1955, I think, the railway company announced its intention of building this diversionary bridge for highway purposes on the upstream side of the Victoria bridge.

That, I think, was a logical proposal, because approximately three-quarters to 80 per cent of the highway traffic which crosses Victoria bridge originates from or is destined for highways or places which lie on the upstream side of the Victoria bridge; consequently the first lock in the seaway was located so that the downstream end of the lock would be located slightly above or slightly upstream from the Victoria bridge and the diversionary bridge would pass over the upstream end of this first lock, the result being that as both gates of the lock would never be open simultaneously there would always be one bridge that would be available for highway traffic.

Consideration afterwards came to be given to the needs of the railway itself. The railway reached the conclusion after a great deal of consideration that railway facilities of a similar kind ought to be provided so that the railway operations would not at any time be interrupted by the movement of ships in the seaway itself.

In about March of this year, I think, a project was devised by which the diversionary bridge on the upstream side would be designed to carry both rail and road traffic. As soon as that decision had been reached the matter was discussed with the municipal authorities in St. Lambert, and it was explained to them that if that project were carried out it would be necessary to expropriate 28 properties, I think, which lie in the path of the right of way of the railway leading to that upstream diversionary bridge.

Representations were made to the Canadian National in favour of building the diversionary bridge on the downstream side, but I believe those who had the opportunity of considering the matter came to the conclusion that it would have been most unfortunate for the residents of St. Lambert if all the highway traffic carried by Victoria bridge were discharged into the very heart of St. Lambert, and thus produce a traffic problem that would be of no small dimensions.

Consequently, of itself, common sense in my opinion dictated that the diversionary bridge be built on the upstream side; however, representations were made to the Canadian National Railways and the seaway authority by the municipal authorities and very serious consideration was given to them. The province had previously through the Quebec hydro given its approval to the construction of the diversionary bridge on the upstream side.

Then, as the hon. member knows, a general election took place in Quebec. The hydro authorities asked the railroad to defer taking any action in the matter for the time being, and I am not sure if since the election the Quebec hydro has given confirmation to the railway of its original consent in connection with the diversionary bridge on the upstream side. There were some other technical questions involved concerning the nature of the diversionary bridge and whether it would be built partly as a causeway or wholly as a bridge. I believe those were questions which somewhat disturbed Quebec hydro, because it was interested in the development of power in that part of the river.

I do not know whether a decision has yet been taken in the matter, but I think the fact that in the meanwhile the construction of the lock has had to progress has led us into the situation where the construction of the diversionary bridge is possible now only on the upstream side. There does remain

this question with the Quebec hydro, concerning which I am not in a position to advise the hon. member as to whether or not definite consent has been given.

Mr. Hamilton (Notre Dame de Grace): I think in summary, Mr. Chairman, if I understood the minister correctly, it was originally hoped that the trains would be able to run off the end of Victoria bridge without any diversionary procedure whatsoever. Subsequently it was found that this was not possible, and after study it was decided to have this shoo-fly, I think it is called—

Mr. Marler: Yes.

Mr. Hamilton (Notre Dame de Grace): — on the upstream side. Objections were raised to that. The decision was reconsidered and at the present time, while no final decision may have been rendered, the construction has proceeded to a point where it is almost certain that the shoo-fly will have to be on the upstream side. I think perhaps that is a fair summary of my understanding of the minister's outline of the situation.

Mr. Marler: Yes, I think that is correct.

Mr. Hamilton (Notre Dame de Grace): Having said that, Mr. Chairman, I would remind the committee of one thing, which is that since Victoria bridge appears to most of the citizens of Montreal as an antique—perhaps a well-loved one, but none the less an antique—there has been a great deal of effort put forward to try to persuade certain people that a tunnel under the St. Lawrence river would be a satisfactory alternative.

Recently there came to my hand a copy of the Montreal *Daily Star* of Thursday March 31, 1949, which I found interesting in this connection because we now have a situation in which considerable inconvenience is being caused. There is some doubt as to how effectively the railway will operate simply because they chose to go over the river rather than underneath it, but here we have an example of the type of sell-out—

Mr. Marler: What did the hon. gentleman say?

Mr. Hamilton (Notre Dame de Grace): I said here we have an example of the type of sell-out and inefficient planning for which this government is becoming noted. You will remember of course, Mr. Chairman, that in the fall of 1949 there was a federal election. Here we have a newspaper for March, 1949, and the headline reads, "Government to Build St. Lambert Tunnel"; that is the proposed tunnel underneath the river. The second headline says, "Newfoundland Joining Canada Tonight" but that has nothing to do with it. The story reads:

> Ottawa will spend millions in district—
> Project to aid traffic will be started immediately.—

The following appears in the body of the story:

> The multi-million project calls for:
> 1. Construction of a tunnel under the St. Lawrence river between Montreal and St. Lambert to accommodate Canadian National Railways trains and so relieve traffic on Victoria bridge.

And then later:

> The tunnel projects will be submitted to the cabinet for formal approval within the next few days, the Ottawa announcement said. When the cabinet has formerly approved the plans work will commence almost at once.

Mr. Marler: Who made this statement?

Mr. Hamilton (Notre Dame de Grace): Hon. Lionel Chevrier. I should be perfectly accurate; this is a newspaper story and these statements are not in quotation marks. However, let me read the following paragraphs.

Mr. Marler: Did Mr. Chevrier make these statements? Are these words attributed to him or are they attributed to "a well informed source"?

Mr. Hamilton (Notre Dame de Grace): I was endeavouring to save a moment of time. The story starts off by saying this:

> Hundreds of millions of dollars will be spent—

Mr. Marler: I heard that part.

Mr. Hamilton (Notre Dame de Grace): No, you did not, sir. I continue:

> Hundreds of millions of dollars will be spent on the island of Montreal and district to improve traffic facilities, with work to start on the projects almost immediately, it was announced in Ottawa this morning and later confirmed by J. O. Asselin, chairman of the city's executive committee.

There we have reference to an announcement from Ottawa—

Mr. Marler: It appears to be one of those announcements that come out of thin air.

Mr. Hamilton (Notre Dame de Grace): Perhaps that is right. Subsequently the story refers to Hon. Lionel Chevrier, and perhaps the article will indicate who made the announcement. I continue:

> Hon. Lionel Chevrier, minister of transport, indicated today that he had interviews with members of parliament from the island of Montreal and district, and that it had been decided to share the costs of the tunnel projects, with Ottawa paying two-thirds and the city of Montreal one-third. The city will assume the maintenance costs.

That, I think, is a reasonable indication that this story which had its source in Ottawa had the backing of Hon. Mr. Chevrier. I suggest to you, Mr. Chairman, that one can have little confidence in a government which

in 1949, immediately before an election, promises something which is badly needed in this area and which many experts—in fairness I cannot say all of them, but many experts—agree is a solution to a pressing problem, and after promising that preceding an election conveniently forgets all about it following the election. We have now reached a point where, by the minister's own statement tonight, they have chopped and changed on this business of getting road and rail traffic over Victoria bridge. There has been uncertainty about it from beginning to end. They have now proceeded to do the necessary construction work, before they actually have the final or revised approval from the agency of the Quebec government concerned.

Mr. Marler: I wish the hon. gentleman would keep to the facts.

Mr. Hamilton (Notre Dame de Grace): That is my understanding of the facts, which I summarized for the benefit of the minister and with which he agreed. I can only say, although one could say a great deal more about it, that these broken promises, particularly in this field, are most unfortunate.

Mr. Marler: I am quite unwilling to leave those words on the record, which, it seems to me, have very little foundation in fact. The hon. gentleman was talking of a joint municipal-federal project which dates back to 1949, and he speaks of broken promises. The fact of the matter is that the construction of a tunnel to carry traffic across the St. Lawrence river was considered—I could not say whether it was in 1949, 1948 or 1947—by the Canadian National Railways. At that time it would have been possible to have built a tunnel which would have carried the rail and highway traffic across the river at a cost of about $85 million to $90 million.

The only difficulty that arose was that this presupposed that the Quebec government was going to develop power at Victoria bridge; and that the height of the water, in consequence of the damming of the river, would enable the laying on the bed of the river of a tunnel which would have cost about $80 or $90 million. However, that was only possible if the province decided to develop power. It decided not to develop power at Victoria bridge. In fact I am not perfectly certain that it has decided to develop the Lachine rapids by a development at Heron island, but the fact of the matter is that the decision of Quebec hydro not to develop power at Victoria bridge ruled out entirely the possibility of a tunnel costing $85 to $90 million.

There were two other alternatives that might have been considered. One was the building of the tunnel below the surface of the river bed. The other was that of building a high-level bridge which would carry rail and road traffic over the seaway at a height sufficient to permit vessels to pass beneath it. The engineers reported that either of these projects would have been somewhere between seven and eight miles in length, in order to provide grades that would be satisfactory for the railway operations, and that would not impose a penalty because of grades that would require an increase in motive power used for handling the traffic. When a preliminary estimate was made of the cost of a high level bridge it was discovered that the cost far exceeded the realities of the situation. One project was contemplated having a lift bridge over the seaway, and the cost of that bridge was in the neighbourhood of $90 to $95 million. The high-level bridge and the tunnel, which would accommodate rail also, would have cost, according to information supplied by the railways, in the neighbourhood of $175 to $200 million.

When one is faced with expenditures of that magnitude it is necessary to consider what are the needs of the situation and what are the realities. The fact is that so far as the railway was concerned, none of the numerous projects considered by its engineers appeared to provide better communication between the facilities on the south shore and those on the north shore than the arrangement for the diversionary bridge over the seaway in connection with Victoria bridge, and its cost is infinitesimal in relation to the figures I mentioned a moment ago for a high-level bridge or a tunnel.

The hon. gentleman may say that this does not provide any additional facilities for highway traffic. That, as he knows, is not the responsibility of the Canadian National Railways, but the Canadian National Railways have provided an additional lane on the downstream side of the bridge. The government, because it already has certain facilities in that area, has announced its intention of building the Nuns' island bridge, which will provide more capacity for road traffic than was provided by the Jacques Cartier bridge and Victoria bridge before the recent changes were made.

The hon. gentleman talked about broken promises. I should like to see the promises that were given. At all events, even if promises were given they could not have been carried out by reason of the decision of Quebec hydro. After having considered the matter most carefully and having studied it with the officials of the Canadian National Railways and the St. Lawrence seaway authority, I am quite convinced that the plans for Victoria bridge afford the best

method for the railway to get its traffic across the river. The added lane on Victoria bridge, plus the new Nuns' island bridge, represent a very real contribution to the provision of facilities for highway traffic now from the island to the south shore and vice versa.

Mr. Hamilton (Notre Dame de Grace): I should just like to confirm a point. Does the minister not agree that in 1949 there was a very clear indication, as shown in that article, by the federal government that it was going to participate in the construction of the tunnel between Montreal and St. Lambert, and that that understanding was derived from the remarks and statements of the then minister of transport? Perhaps in order to convince the minister of that I should point out to him that at least two other projects of those that were listed in that same article have since come completely into being.

Mr. Marler: I can assure the hon. gentleman that the other project certainly will not come into being.

Mr. Nesbitt: Now that the minister has had the opportunity of seeing the memorandum to which I was referring, can he tell us whether the cost of dredging in the lake St. Francis section is $6 million or, as indicated there, $9,830,000?

Mr. Marler: The figures in the memorandum the hon. gentleman sent me are prepared on a different basis than the figures I have in my book. I think that arises from the fact that there is a slight difference between the conception of the lake St. Francis section in this memorandum and that which I have in my book, and what I have always understood to be the case.

My understanding has always been that the cost of dredging in the lake St. Francis section—and that is the only work it is proposed to carry out in the lake St. Francis section—is expected to be slightly less than $6 million. I am sorry that I cannot reconcile that $6 million with the figures of the memorandum, but I can assure him that the expected expenditure in the lake St. Francis section, which does not include canal works at all, is no more than $6 million.

Mr. Vincent: I have had the opportunity of sitting in on many of the meetings in regard to the spur of Victoria bridge. I want to say to the house very emphatically that the agencies of the government have done their duty. They have done so with the utmost care, and I wish to thank the municipal authorities of St. Lambert for having been so co-operative and having studied the problem so closely. As the minister said, after having looked over the different plans made by Canadian National Railways, I think for the moment, taking what we have in hand, there is nothing else to do but what the C.N.R. is doing at the present time.

Whether or not Victoria bridge answers the concept of communication between the south shore and Montreal is a different question. I think if it comes down to the question of getting a tunnel it may be that the bridge authority I have suggested is the answer to the problem. It may be that with the co-operation of the provincial, federal and municipal authorities we may be able to get a tunnel from the south shore to Montreal.

Item agreed to.

Air services—

533. To provide for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of those airports, $5,250,000.

Mr. Hamilton (York West): Would the minister tell us what are the major areas that are covered by this provision of $5 million?

Mr. Marler: This provision tentatively covers Vancouver, Calgary, Lethbridge, Saskatoon, Sault Ste. Marie, Windsor, London, Toronto, Montreal, Quebec, Moncton and Sydney.

Mr. Hamilton (York West): Would the minister tell the house if all the claims in respect of lands in the case of Malton, for example, against which the department has registered their bylaws, or whatever they wish to call them, have been settled?

Mr. Marler: The answer to that, of course, is no. There is what is considered to be a test case which is before the courts, and I think until that test case has been decided it will not be possible to settle many of the cases.

Mr. Hamilton (York West): How much is involved in the total amount of claims that are held up by this test case, and can the minister give the house any idea when he expects a decision in that case?

Mr. Marler: No, Mr. Chairman, I cannot give any answer to that question. I should like to draw to the hon. gentleman's attention that this item is not related to zoning. This is not a provision for damages. It is a provision that is required for land that may be purchased in connection with an airport but which is not going to be used immediately for airport purposes. It is really an investment item. When the land is put into service the investment will be reimbursed out of current expenditures.

Mr. Hamilton (York West): I am satisfied with the explanation given by the minister. On the other hand, the wording of the item indicates that it is a restricted use of land which is concerned, and it is most important that the people who have these registrations against their titles should have them cleared up at the earliest possible moment so they can otherwise deal with their properties.

Item agreed to.

534. Loan to the Canadian Overseas Telecommunication Corporation in accordance with the provisions of section 14 of the Canadian Overseas Telecommunication Corporation Act for additions and betterments to facilities, $4,506,725.

Mr. Nesbitt: This subject, as the minister well knows, has had a great deal of discussion in committee and also in the house, and in view of some of the minister's comments in the committee and the house I cannot help but observe that while the minister may have referred on another occasion to another cable company, the Commercial Cable Company, as being subsidized in an indirect way to the tune of around $10 million a year on a proposed coaxial cable—

Mr. Marler: Not $10 million a year.

Mr. Nicholson: $1,600,000.

Mr. Nesbitt: I thank the hon. member and the minister. It is $1,600,000 a year for ten years. In view of the fact that loans are being made to Canadian Overseas Telecommunication Corporation at the rate of $4 million or $5 million a year, one cannot help but reach the conclusion that at least an indirect form of subsidy is taking place here. I know the minister is going to say that the loans have to be repaid. So they do; but when they are government loans to a crown corporation I do not imagine there is any hurry about repaying the money. I do not think there is very much likelihood of a fire sale or bankruptcy proceedings taking place.

Mr. Marler: The hon. gentleman should start relating his remarks to reality.

Mr. Nesbitt: The minister speaks about reality. If Canadian Overseas Telecommunication Corporation does not pay back the loan, or does not pay the interest one year, I should like to know what the government are going to do about it. Are they going to sell the assets of the company? My remarks relate to reality. If they cannot pay back the loan and cannot pay their interest I suppose they will get a larger loan next year. However, that is just a passing observation in view of the many remarks that have been made in the house and in committee on previous occasions, and I realize I should not refer to them.

However, suggestions have been made that probably in the very near future television programs from Europe and the United Kingdom may be available in this country. Of course, as most hon. members know, there are at present only two ways of transmitting television programs successfully, by microwave relay or by coaxial cable. I think it very unlikely that television programs from Europe will be sent over here by microwave relay. It is not very likely that towers will be built in the middle of the Atlantic. The only other way would be by coaxial cable.

Previously, of course, as I have already mentioned, we have had reference to a proposed coaxial cable that the Commercial Cable Corporation wishes to lay with certain outlets in this country. It is also my understanding that at the present time Canadian Overseas Telecommunication Corporation has an interest in a cable that the Bell Telephone Company is building, and expects to have certain channels in that cable. What I am curious about is this. Has the Canadian Broadcasting Corporation been consulted by the Department of Transport as to the interest of C.O.T.C. in the telephone company's coaxial cable with respect to television programs coming from Europe to this country?

Then there is a second point in which I am interested. When, in the fairly near future, these programs are being sent to this country, will it be the policy of the government to confine the transmission of these programs via coaxial cable wholly to the lines of communication operated by C.O.T.C., or will some sort of competition be allowed, for example, by the Commercial Cable Corporation?

Mr. Hamilton (York West): Before the minister replies I think it should be pointed out that last year some $5,470,000 odd was voted to the corporation and this year the amount is approximately $4,500,000. I am also informed there is an additional amount in the supplementary estimates. It would appear that this is going to become common practice. This communication system apparently is going to grow from year to year, and the taxpayers are going to be required to put up money from year to year to provide for that growth. If we were in a field, as was the case at one time in the creation of the C.B.C., where it was felt that the private stations were not providing the type of programs that the government felt were needed, then there might be some justification for a continual line of credit

being extended. But I am certainly directed to a few words in the report of this company which read as follows:

> . . . we shall also introduce a multiplicity of new telegraph circuits in sufficient numbers to meet adequately the needs of Canadian users for some years to come.

Right here there is an indication that it is the intention of this crown corporation to take over completely, if at all possible, this means of communication. Yet at the same time—

Mr. Marler: Mr. Chairman, surely it is not necessary to go all over again the same arguments and the same debate that we had on the Telegraphs Act. What we are concerned with here, Mr. Chairman, is whether or not the amount of $4,506,000 should be placed at the disposal of C.O.T.C. as a loan. Surely we do not have to review the whole question of competition between C.O.T.C. and other telecommunication corporations. It seems to me that is most irrelevant.

Mr. Hamilton (York West): I am sure the minister jumped to the bait much too quickly. I had only one more sentence to go and that would have ended the problem from our standpoint.

Mr. Marler: I surrender.

Mr. Hamilton (York West): My concluding sentence is this. Surely there is no necessity for this type of expenditure and for the type of control that has been vested in the minister to ensure that this corporation should advance from year to year, when it has been indicated very clearly that there has been an alternative method which would have provided all the things which are referred to in a report of this kind without the advancing of one dollar by this government.

Some hon. Members: Carried.

The Deputy Chairman: Shall the item carry?

Mr. Nicholson: Mr. Chairman, will you call for the yeas and nays on this item?

Mr. Nesbitt: Mr. Chairman, I have a question which I should like to ask here. During the period of time the government has had this crown corporation, how much money has now been lent and how much has been repaid?

An hon. Member: This is not cricket at all.

Mr. Marler: The amount of advances from the government which have been received by this company under section 14 of the C.O.T.C. Act is $8,050,000, and the company surplus is $283,906. Mr. Chairman, in case anybody has any idea that this is a lame duck, may I say that this company has reported a surplus for six consecutive years after paying income tax like any other Canadian corporation. There is no more element of subsidy in the advance of money by the Minister of Finance to C.O.T.C. than there is in an advance to any other body.

Mr. Green: Will these two votes, namely the item in the main estimates of $4,506,725 and the item in the supplementary estimates of $1,908,256, making a total of $6,414,981 for this year, be added to the total advances shown in the annual report of the company?

Mr. Marler: Yes.

Mr. Green: In order to show what the government will have invested in this crown corporation by the end of this current fiscal year?

Mr. Marler: That is correct.

Mr. Green: So the total will then be about what?

Mr. Marler: About $14 or $15 million.

Mr. Green: About $14½ million?

Mr. Marler: Somewhere around that.

Mr. Green: By the way, the minister promised to give me the amounts that this crown corporation has invested or will invest in the cable in respect of which it is in partnership with the British post office, the American Telephone and Telegraph Company and the Eastern Telephone and Telegraph Company. As he will recall, during the discussion of the amendments to the Telegraphs Act he suggested that I wait until we reached this estimate in order to get that information.

Mr. Marler: All I can tell the hon. gentleman is that the estimated share of the C.O.T.C. in the cable is about $4½ million. I can send him the exact figure, but that is the figure I have here as being the total estimated cost to the corporation of its share of the T.A.T. cable.

Mr. Green: What is the total cost of the cable?

Mr. Marler: That represents a little over 9 per cent of the total cost.

Item agreed to.

The Deputy Chairman: That completes the Department of Transport. Department of Labour, resolution 179, which may be found at page 36 of the blue book, the details at page 248.

Mr. Rowe: Mr. Chairman, I think it is eleven o'clock. We have made fairly good progress today.

Some hon. Members: Oh, oh.

Mr. Rowe: I think we had better call it eleven o'clock, Mr. Chairman.

Mr. Harris: Mr. Chairman, could we call those two items in the Department of Citizenship and Immigration that were left over the other night?

Some hon. Members: Agreed.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Mr. Rowe: Mr. Chairman, I do not think those that were taking part in the discussion of those items are here. I do not think it will take very long to dispose of them.

Mr. Pickersgill: They are both here.

Mr. Rowe: I do not think it would be fair at eleven o'clock to go on with those items.

Mr. Richardson: May I ask the hon. gentleman a question? During the past hour we have sat here and noticed on the average about five members on your side. Is it not fair now that we continue for a few minutes while we are here in the assembly?

Mr. Rowe: Mr. Chairman, that is not exactly right. The hon. member for St. Lawrence-St. George is very vociferous. May I tell him that I have sat here and seen only five members on the other side on various occasions during the past week. I have counted this house on various occasions. The hon. member is trying to give the impression to the country that we are not here. I have counted the house on various occasions when, with the great mob majority you have, you had not as many in the house as we had in this party.

Mr. McCann: That is not so.

Mr. Rowe: We have other things to do.

The Deputy Chairman: The question having been asked and answered, the question now before the committee is not how many are or are not here but whether it is agreed that we call item 59.

Some hon. Members: Agreed.

Mr. Rowe: Mr. Chairman, there is also in this house a staff who work harder than does the hon. member for St. Lawrence-St. George. They are here all day. I refer to the *Hansard* people and others. I think we had better call it eleven o'clock.

The Chairman: Order. Am I to take it that there is not unanimous consent to continuing? It being after ten o'clock I do leave the chair.

Progress reported.

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

BUSINESS OF THE HOUSE

Mr. Harris: In the past week it had been my understanding that we would wind up tomorrow night. That being the case the following is what will have to be disposed of: labour, citizenship and immigration, legislation, justice, fisheries, post office, public works, C.B.C. and finance.

Mr. Deputy Speaker: It being after ten o'clock, I do leave the chair.

Mr. Green: May I ask the minister in what order these estimates will be taken?

Mr. Harris: We will accommodate ourselves to the opposition in that, on the understanding of course that we will finish tomorrow night.

Mr. Nowlan: Then you had better give us the order.

Mr. Green: The minister will not get very far ahead in that way.

Mr. Harris: We have not got very far anyway.

Mr. Green: I ask in what order the minister is going to call the business.

Mr. Harris: Mr. Speaker, for the whole of this session I have accommodated hon. members in the calling of the business in this house.

Mr. McIlraith: We have tried to accommodate hon. members on all sides.

Mr. Green: We have accommodated each other and got along fairly well.

An hon. Member: Everything your way.

Mr. Hosking: This is the most unfair thing we have ever seen; absolutely disgraceful.

Mr. Rowe: Let your house leader speak for you; don't all talk at once.

Mr. Hamilton (York West): He just came in for the last half hour.

Mr. Hosking: I have been here for far more votes than you have.

Mr. Rowe: Let your house leader speak for you; he does it better than you do.

Mr. Green: I suggest it will help facilitate the business tomorrow if the house leader will tell us in what order he is going to call the business.

Mr. Harris: I must say that I have done that every night and we have never met the timetable that has been laid down. If there is a change and tomorrow we can meet the timetable by my giving the order of business,

I shall be glad to do so. May I point out that we have never been successful in doing so this week.

Mr. Green: May I point out that members from all parties in the house have been speaking today, and quite properly so. It is their right to do so. The minister must not expect that the official opposition can set these times. I would suggest he tell the committee tonight in what order he is planning to call the estimates tomorrow, and we shall do our best to facilitate them.

Mr. Weir: And you have been the biggest offender.

Mr. Hosking: Your best is pretty terrible.

Mr. Harris: Quite a while ago I made it quite clear that if I had the assurance that we would, in fact, wind up tomorrow night, as has been planned, I would give the order in which we will take the business.

Mr. Green: Unfortunately we cannot give him that assurance because it is not in our hands, but I do suggest he tell us the order in which he will call the estimates tomorrow.

Mr. Harris: We will call them tomorrow.

Mr. Hosking: You want to sit here and we will sit here.

Mr. Charlton: You have been away for two weeks.

Mr. Hosking: You are the one who has been away for two weeks.

Mr. Charlton: That is not so.

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

ANSWERS TO QUESTIONS

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

ARTHRITIC AND RHEUMATIC DISEASES

Question No. 552—**Mr. Philpott:**

1. How many Canadians suffer from arthritis and rheumatic diseases?
2. What is the estimated annual cost to Canada in working time loss, and otherwise, because of these rheumatic diseases?
3. Does the federal government give grants for basic research into the cause and cure of rheumatic diseases?
4. If so, (a) what is the amount of such grant for the year 1956-57; (b) what universities are beneficiaries of such grants?
5. What is the total amount of the federal health grant allotted to the Canadian arthritis and rheumatism society during the past seven years?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

1. It is estimated from Canada's sickness survey and previous surveys that 225,000 disabled Canadians are suffering from arthritis and rheumatism. Of this number, 155,000 are severely or totally disabled.

2. From the survey it was found that in persons suffering from arthritis symptoms were present for more than half the year. In persons suffering from rheumatism symptoms were present for about one-quarter of the year. During much of this time the person would be able to carry out his usual activities, which in the case of older people might consist of little more than self care. From information available at the present time, it is estimated that during a year approximately nine million days are lost from usual activity through arthritis and rheumatism. Of this loss from usual activity, over one-third applies to persons of 65 years and over.

3. Yes.

4(a). $91,261; (b) McGill University, University of Montreal, Queen's University, University of Toronto, University of Western Ontario, University of British Columbia.

5. $330,670.

CORNWALLIS RIVER, KENTVILLE, N.S.—REHABILITATION

Question No. 567—**Mr. Balcom:**

1. Is work contemplated or in progress under the Maritime Marshland Rehabilitation Act on the Cornwallis river at Kentville, Nova Scotia?
2. If so, what work is contemplated and will it result in the flooding of any houses?

Answer by: **Right Hon. J. G. Gardiner (Minister of Agriculture):**

1. Yes, portions of planned work are in progress and additional work is contemplated.

2. Dikes and aboiteaux are being constructed on certain tracts of the Kentville and Belcher street marshes. It is reported that in the past high tide, ice and freshet conditions have combined to create flood conditions. The work contemplated will relieve these conditions to some extent. This work involves the co-operation of the department, the provincial department of agriculture, owners of marsh and the town of Kentville. The contemplated work is to be approved by the interested agencies.

NATIONAL DEFENCE—SCHOOLS IN EUROPE

Question No. 583—**Mr. Nicholson:**

1. How many Canadian children are attending national defence schools in Europe in (a) elementary schools; (b) high schools?
2. How many Canadian teachers employed by national defence in Europe are in (a) elementary schools; (b) high schools?
3. What is the estimated cost per pupil per year, taking into account salaries, transportation, rental of buildings and other cost factors for (a) elementary schools; (b) high schools?

Answer by: **Hon. R. O. Campney (Minister of National Defence):**

1. (a) 3,708 in grades one to eight; (b) 221 in grades nine to 13.

2. (a) and (b) There are 145 elementary school teachers and 28 high school teachers in national defence schools in Europe. They are not directly employed by the Department of National Defence, but rather by school boards in Canada which have contracted with the department for the loan of teachers for two-year periods. The teachers' salaries are paid by the school boards, to protect superannuation and other benefits, and the school boards are reimbursed by the department.

3. (a) and (b) The average estimated cost per pupil per year for elementary and high school grades is $256.52. Since high schools and elementary schools are as yet integrated in the same buildings, even to the extent that there is some interchange of subject-teaching between the two, no figures are available from which to show separately the per capita costs for elementary and high school pupils. The figure of $256.52 comprises the cost factors for salaries, supplies, transportation, heating, and rental of schools; it does not include small per capita costs for lighting, gas, and maintenance, which are incorporated in an over-all figure for married quarters, schools, and recreational areas.

SALT FISH INDUSTRY, N. S.—ASSISTANCE

Question No. 588—**Mr. Balcom:**

How much assistance has been given to the Nova Scotia salt fish industry under the 1955 salt assistance program?

Answer by: **Hon. James Sinclair (Minister of Fisheries):**

Fishermen:	
598 claims	$59,909.71
Fish plants:	
121 claims	87,454.15
Total	
719 claims	$147,363.86

TRANS-CANADA HIGHWAY—PROVINCIAL AGREEMENTS

Question No. 589—**Mr. McCulloch (Pictou):**

1. Have any provincial governments signed agreements since June 27, 1956, pursuant to the amended Trans-Canada Highway Act which received royal assent on June 7, 1956?

2. If so, which provincial governments have so signed?

3. Which provincial governments have signed agreements to date under the amended statute?

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

1. Yes.

2. Ontario.

3. Agreements have been concluded with the provincial governments of Prince Edward Island, New Brunswick, Ontario, Manitoba, Saskatchewan and Alberta. Nova Scotia has returned a signed agreement but with a revision in schedule "A", the detailed designation of the route of the trans-Canada highway in the province. British Columbia has submitted only a revised schedule "A". Before agreements can be signed with these provinces, further clarification of the schedules "A" is required.

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

DEPARTMENT OF TRANSPORT

Railway and steamship services—

459. Construction of new dock and terminal facilities at Port aux Basques, Newfoundland, $413,000.

460. To provide for the payment during the fiscal year 1956-57 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in the payment of the deficit (certified by the auditors of the national company) in the operation of ferry and terminal services between North Sydney, Nova Scotia and Port aux Basques, Newfoundland, and on a temporary basis between North Sydney, Nova Scotia and Argentia, Newfoundland and between North Sydney, Nova Scotia and other Newfoundland ports, arising in the calendar year 1956, $3,496,250.

461. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects, $1,914,000.

462. Yarmouth, Nova Scotia—Bar Harbor, Maine, U.S.A., ferry service—deficit, 1956, $230,000.

468. To authorize the governor in council to grant to the government of the province of British Columbia a subsidy of $25,000 per mile, but not exceeding 50 miles, towards the construction of a line of railway of the Pacific Great Eastern Railway northward from Prince George in the province of British Columbia; such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the governor in council deems expedient; estimated requirement for the fiscal year 1956-57, $500,000.

469. To authorize the governor in council to grant to Canadian National Railway company a subsidy of $25,000 per mile, but not exceeding $7,450,000 towards the construction of the line of railway referred to in chapter 49 of the Statutes of Canada, 1953-54, as branch line number 1 (described approximately as a line of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville in the province of Quebec); such grant of subsidy to be made in such manner and in such amounts and subject to such conditions, if any, as the governor in council deems expedient; estimated requirement for the fiscal year 1956-57, $2,725,000.

Pensions and other benefits—

470. Amount required to pay pensions at the rate of $300 per annum to former pilots: Arthur Baquet; Adelard Delisle; Raoul Lachance; Jules Lamarre; Wilhelm Langlois; Auguste Santerre, $1,800.

471. Railway employees' provident fund—to supplement pensions allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1956, to March 31, 1957, the sum of $30 per month, instead of $20 per month as fixed by the said act, $11,000.

472. Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunication services transferred to Canadian National Railways, $27,000.

General—

473. To provide for the expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them in connection with the inquiry, $32,000.

Air services—

Administrative division—

474. Air services administration, $816,760.

475. Construction services administration, $1,026,700

Telecommunications division—

Radio aids to air and marine navigation—

476. Administration, operation and maintenance, $8,925,412.

477. Construction or acquisition of buildings, works, land and equipment, $4,234,725.

Radio Act and regulations—

478. Administration, operation and maintenance, including contributions as Canada's share of the administrative costs of various international radio, telegraph and telephone conferences, as detailed in the estimates, $1,691,165.

479. Construction or acquisition of buildings, works, land and equipment, $330,000.

Telegraph and telephone service—

480. Administration, operation and maintenance, $515,320.

481. Construction or acquisition of buildings, works, land and equipment, including capital assistance to local telephone systems in sparsely settled areas, $543,000.

482. Northwest communication system—construction or acquisition of buildings, works, land and equipment, $924,870.

Meteorological division—

483. Administration, operation and maintenance, $8,164,815.

484. Construction or acquisition of buildings, works, land and equipment, $947,700.

Civil aviation division—

485. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $1,102,846.

Airways and airports—

Operation and maintenance—

486. Civil aviation services, $9,855,840.

487. Airway and airport traffic control, $2,971,684.

488. Construction or acquisition of buildings, works, land and equipment, including construction work on municipal airports and payments to municipalities as contributions towards construction done by those bodies, $15,453,350.

489. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $360,000.

490. Contributions to municipalities or public bodies for construction and improvements of airports on land acquired by such organizations, $60,000.

491. Contributions toward airport development and other airport projects on cost-sharing basis, in the amounts detailed in the estimates, $267,000.

492. Contributions, as detailed in the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1955, which is, $231,027.

B—General—

Air transport board—

493. Salaries and other expenses, including the Canadian delegation to the international civil aviation organization, $292,040.

Board of transport commissioners for Canada—

494. Administration, operation and maintenance, $867,930.

Canadian maritime commission—

495. Administration, $139,228.

496. Steamship subventions for coastal services, as detailed in the estimates, $4,016,800.

National harbours board—

497. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1956 on any or all of the following accounts:

Reconstruction and capital expenditures—

Halifax	$1,942,000
Saint John	845,000
Quebec	1,687,000
Prescott	40,000
Port Colborne	80,000
Generally—	
Unforseen and Miscellaneous	200,000
TOTAL	$4,794,000
Less—Amount to be expended from replacement funds	79,236
	$4,714,764

St. Lawrence seaway authority—

531. Loans to the St. Lawrence seaway authority in such manner and subject to such terms and conditions as the governor in council may approve, $75,000,000.

Canal services—

532. To provide for the acquisition of land required in connection with the development of the 27 foot Cornwall navigation system, $1,000,000.

Air services—

533. To provide for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of those airports, $5,250,000.

534. Loan to the Canadian Overseas Telecommunication Corporation in accordance with the provisions of section 14 of the Canadian Overseas Telecommunication Corporation Act for additions and betterments to facilities, $4,506,725.

National harbours board—

535. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1956 on any or all of the following accounts:

Reconstruction and capital expenditures:

Three Rivers	$ 35,000
Montreal	12,736,500
Vancouver	525,000
	$13,296,500
Less—amount to be expended from replacement funds	1,503,010
	$11,793,490

A—Department—

Canal services—

706. Construction or acquisition of buildings, works, land and equipment, including payments to provinces or municipalities as contributions towards construction done by those bodies—further amount required, $408,507.

Marine services—

Marine service steamers—

707. Construction or acquisition of vessels and equipment—further amount required, $926,000.

Aids to navigation—

708. Construction or acquisition of buildings, works, land and equipment—further amount required, $503,460.

709. Nautical services—administration, operation and maintenance, including grants and contributions as detailed in the estimates—further amount required, $1.

Pilotage service—

710. Administration, operation and maintenance —further amount required, $32,100.

711. Construction or acquisition of buildings, works, land and equipment, $36,000.

Railway and steamship services—

712. Reconditioning and refit of ferry vessel "Scotia II" for the Prince Edward Island car ferry service—further amount required, $150,000.

Strait of Canso

713. Transportation improvements and facilities —further amount required, $100,000.

714. To provide for the payment during the fiscal year 1956-57 to the Canadian National Railway Company (hereinafter called the National Company) upon applications approved by the Minister of Transport made from time to time by the

National Company to the Minister of Finance and to be applied by the National Company in the payment of the deficit (certified by the auditors of the National Company) in the operation of ferry and terminal services between North Sydney, Nova Scotia and Port aux Basques, Newfoundland, and on a temporary basis between North Sydney, Nova Scotia and Argentia, Newfoundland and between North Sydney, Nova Scotia and other Newfoundland ports—further amount required to provide for payment of the balance of the deficit incurred in the operation of these services in the calendar year 1955, $1,123,830.

715. Yarmouth, Nova Scotia—Bar Harbor, Maine, U.S.A., ferry service, deficit, 1956—further amount required, $308,000.

716. Construction or acquisition of vessels for Newfoundland coastal services—further amount required, $152,452.

General—

717. To provide for the expenses of an inquiry into the coasting trade of Canada authorized under the Inquiries Act—further amount required, $52,000.

Air services—

Telecommunications division—

Radio aids to air and marine navigation—

718. Construction or acquisition of buildings, works, land and equipment—further amount required, $618,000.

Radio act and regulations—

719. Administration, operation and maintenance, including contributions as Canada's share of the administrative costs of various international radio, telegraph and telephone conferences, as detailed in the estimates—further amount required, $9,000.

720. Construction or acquisition of buildings, works, land and equipment—further amount required, $84,900.

Northwest communication system—

721. To authorize, notwithstanding the financial administration act or any other act, the disbursement of revenues derived from operation of the system by such agent as the governor in council appoints, for maintenance and operation of the system, and the payment of such management fee as the governor in council prescribes, $1.

Meteorological division—

722. Construction or acquisition of buildings, works, land and equipment—further amount required, $85,000.

Civil aviation division—

Airways and airports—

Operation and maintenance—

723. Civil aviation services—further amount required to authorize, notwithstanding the financial administration act or any other act, the disbursement of revenues derived from the management and operation of hotel, bakery, restaurant, staff messing, staff accommodation and similar facilities at Gander airport, in accordance with such arrangement as the governor in council prescribes for the operation of these facilities, and to authorize payment of such deficit that may occur in the management and operation of these facilities, $1.

724. Construction or acquisition of buildings, works, land and equipment, including construction work on municipal airports and payments to municipalities as contributions towards construction done by those bodies—further amount required, $3,374,000.

725. Contributions to municipalities or public bodies for construction and improvements of airports on land acquired by such organizations—further amount required including a contribution to an appropriate authority in respect of an airport at Lourdes-du-Blanc-Sablon, Quebec, $96,717.

726. Contributions toward airport development and other airport projects on cost-sharing basis in the amounts detailed in the estimates—further amount required, $359,835.

B—General—

Canadian maritime commission—

727. Steamship subventions for coastal services as detailed in the estimates—further amount required, $1.

National harbours board—

728. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1956 on the following account: reconstruction and capital expenditures—Halifax—further amount required, $1,932,000; less—amount to be expended from replacement funds, $334,500; $1,597,500.

Transport—

Air services—

736. Loan to the Canadian Overseas Telecommunication Corporation in accordance with section 14 of the Canadian Overseas Telecommunication Corporation Act for additions and betterments to facilities—further amount required, $1,908,256.

National harbours board—

737. To authorize and provide for the construction, maintenance and operation by the national harbours board, either by itself or in co-operation with others, of a bridge for general traffic across the St. Lawrence river in such location at or near the harbour of Montreal as may be approved by the governor in council upon the recommendation of the Minister of Transport; such bridge, during construction and when completed to be a work under the jurisdiction, administration, management and control of the national harbours board for all purposes of the National Harbours Board Act and to be subject to all the provisions of that act, and to constitute a part of the facilities of the harbour of Montreal; amount to be credited to the national harbours board special account, subject to the provisions of section 29 of the said act, $400,000.

HOUSE OF COMMONS

Saturday, August 11, 1956

The house met at eleven o'clock.

RESEARCH

Second report of special committee on research.—Mr. McIlraith.

DOMINION ARCHIVES

ELLESMERE LAND—PRESENTATION OF PROCLAMATION SUBMITTED BY DR. L. E. BORDEN

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I crave the indulgence of the house for a minute or two to perform a unique but very pleasant duty on behalf of my good friend Dr. L. E. Borden, who was surgeon and botanist with the first dominion government expedition to the Arctic, 1903-04. I cannot do better to inform the house on this question than to read Dr. Borden's letter accompanying the proclamation signed by Commander Low when he took possession of Ellesmere land and adjacent islands in the name of Canada. It reads:

To the honourable members of the House of Commons, Ottawa, Canada.

From Dr. L. E. Borden,
1315 Monterey Avenue, Victoria, B.C.

Sir:

I have the honour to present to you for your consideration this important document.

I have always felt that the permanent home of this proclamation in my possession should be the dominion archives. As it has now served its purpose as far as I am personally concerned, I have much pleasure in handing it over to its proper resting place.

This copy was made in my presence on board the D.G.S. *Neptune*, as was the copy that was placed in the cairn on Ellesmere land. My copy has reposed in my diary ever since and very few people have seen it. When I produced it for Mr. H. W. Herridge to see, he was a very much surprised man. As far as I know this is the only copy in existence, and is an irreplaceable proclamation.

I may at some future date give my original diary to the dominion archives as well.

L. E. Borden.

I take much pleasure, Mr. Speaker, on behalf of Dr. Borden in presenting this proclamation to the Minister of Mines and Technical Surveys so it may be placed in the archives of Canada.

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, the hon. member for Kootenay West (Mr. Herridge) is to be highly commended for his part in bringing this important document to the attention of the house. Through you, Mr. Speaker, I should like to thank him for his actions and to ask him to convey to Dr. Borden the thanks of the government and of members of this house for giving this historic proclamation to the people of Canada. The craftsmen of the archives department have prepared this album and have mounted the proclamation together with related correspondence so they may be preserved against the ravages of time. Dr. Borden has requested that this be placed in the dominion archives. I therefore have pleasure in handing this album over to my colleague the Minister of Citizenship and Immigration who is responsible to parliament for the archives.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, on behalf of the public archives of Canada I have much pleasure in accepting this historic document.

INQUIRY FOR RETURN

PORT STANLEY, ONT.—FEDERAL PROPERTY

On the orders of the day:

Mr. James A. McBain (Elgin): Mr. Speaker, on June 13 question No. 524 in my name was passed as an order for return. I wonder when I may expect an answer to the question.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I shall be glad to look into the matter.

FINANCE

SUGGESTED EXTENSION OF WITHHOLDING TAX ON DIVIDENDS

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, does the Minister of Finance hope to obtain an agreement with the United Kingdom and other countries so that the privileges extended to United States companies with regard to withholding tax on dividends will be extended to the United Kingdom and various other countries?

Hon. W. E. Harris (Minister of Finance): I did not hear the opening words, so I do not know what the question was, Mr. Speaker.

Mr. Hamilton (Notre Dame de Grace): Does the Minister of Finance hope to obtain an agreement—

Mr. Harris: Mr. Speaker, the Minister of Finance hopes to do those things that would be for the benefit of Canada at all times.

CITIZENSHIP AND IMMIGRATION

REQUEST FOR PERSONNEL AND OBJECTIVES OF EUROPEAN COMMISSION

On the orders of the day:

Hon. W. Earl Rowe (Acting Leader of the Opposition): I should like to ask the Minister of Citizenship and Immigration if he has any further comment on the question I asked the other day with regard to the commission in Europe seeking immigrants.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): I was hoping the hon. gentleman was not going to embarrass me by asking that question because it appears that someone or other, in reporting what happened in the house the other day, got mixed up. I referred to a mission that was sent last winter or last autumn from my department to Europe to visit the refugee camps, and apparently it was reported in the press or over the radio as a mission that was going to be sent. It is all over and, I should not say done with, because we have a very good report from it and expect to get some very good people from these camps.

Mr. Rowe: I understood it to be a commission seeking immigrants to assist the farm labour shortage.

Mr. Pickersgill: I think whoever was responsible for the report got rather mixed up.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

59. Citizenship registration branch, $398,265.

Mr. Pickersgill: I understood, sir, I was to get answers to a couple of questions and that was the only reason this item was stood. I was asked by the hon. member for Prince Albert to give the number of applications for citizenship which had been rejected. I asked him to be a little more specific about that and it was finally understood, I think, that I would give definitely the number that had been rejected by the minister in the year 1955 after being recommended by a judge. I had a count made and the number was 162. I found also that it was possible without very great difficulty to go through the files and make a count of those applications which were rejected by the courts, that is to say where the applications came in and the judge had not seen fit to recommend them. There were 85 of those, so that the total number of rejections was 247. I gave the figure the other night of the number granted and that was 58,715.

Mr. Hamilton (Notre Dame de Grace): The information which the minister has given to the house this morning establishes one thing quite definitely, and that is that he accepts, and has accepted in given instances, the responsibility for examining citizenship applications which have been recommended by a judge and, with the authority given to him by the statute, of disagreeing with the judge, reversing the judge's findings by refusing to grant citizenship. I suggest, Mr. Chairman, that that is, in itself, largely in disagreement with the attitude taken by the minister when this point was first debated in this house, at which time he indicated he felt he was practically bound by the findings—

Mr. Pickersgill: I do not think we should proceed along this line any further. I indicated very clearly on three separate occasions the other evening that these applications came to the minister with a recommendation from a judge. It was the duty of the minister to exercise his discretion, but in the exercise of his discretion it had never been the practice to look into what was done in the courts and try to review the work in the courts. I have looked back to see what my hon. friend the Minister of Finance said when the amendment was made two or three years ago, and I find that his view then was the same as the position I am taking now. What we do is to see if we have detrimental information, and I said this quite clearly the other night, in the citizenship branch or elsewhere in the department that is not available to the courts. We do not attempt to review what takes place in the courts, or to sit as a superior court over the courts. I think it would be quite improper if that were done.

Mr. Hamilton (Notre Dame de Grace): Be that as it may, we have the situation in which the minister says, "I do not attempt to review what has gone through our citizenship courts". And then we find that subsequently he sees fit to reverse 162 of those recommendations. To me, that is a clear-cut indication that in certain cases, for whatever reason, he chooses to reverse the findings of the citizenship court.

Mr. Pickersgill: It is not a question of reversing at all. I wish the hon. gentleman

would use the proper terms as they are used in the act. There is a recommendation and the recommendation is accepted or it is not. There is no reversing of anything.

Mr. Hamilton (Notre Dame de Grace): I agree with the minister that he refused to go along with the recommendation of the citizenship court. I am prepared to accept that.

Now, Mr. Chairman, we will all remember from the evidence introduced when this item was last debated it was apparent that this citizenship application went through with the minimum of delay

Mr. Pickersgill: That, sir, is not true, either. This application was considered on April 16 and the certificate was not signed until April 28. I could give many instances where it had been done much more quickly than that, several times at the request of certain hon. gentlemen opposite.

Mr. Hamilton (Notre Dame de Grace): One asks oneself—at least I certainly do—why this citizenship application should have been processed with such speed because the minister will, I think, agree with me that while other applications may have been processed speedily, this application was processed much more speedily than the average in the department.

Mr. Pickersgill: I do not think, sir, the average is much more than 12 days.

Mr. Hamilton (Notre Dame de Grace): In that case, Mr. Chairman, it indicates that the average application in the citizenship department is being processed and citizenship papers put out on a Saturday morning. Since an average represents 50 per cent of the work, we have the peculiar situation in which the minister's department is doing most of its work on a Saturday morning, and he himself knows how foolish that is.

Mr. Pickersgill: I do more work on Saturdays than on most other days every week in the year.

Mr. Hamilton (Notre Dame de Grace): I question why this application was handled so expediently and so successfully in the light of certain questions regarding it. One wonders how this could be done. I think one of the ways perhaps to do it is to have a good attorney, someone representing the applicant who is familiar with the procedures. That caused me to look back and find out who handled this particular application. I thought it might be of some value to people who wanted this sort of treatment in the future. I discovered that the person who appeared for this applicant before the citizenship court in Montreal was none other than Mr. Paul F. Renault, of the firm of McMichael, Common, Howard, Cate, Ogilvy and Bishop, of Montreal. It is interesting, Mr. Chairman, because if this is the same Paul F. Renault who is so engaged and working with that firm, he is a nephew of the Prime Minister, and that establishes—

Some hon. Members: Oh, oh.

Mr. Pickersgill: I think, Mr. Chairman, we might pass the item now. The hon. gentleman has at last arrived at the point he started for the other evening, and, having reached his destination, perhaps we can get on with the business of the house.

Mr. Hamilton (Notre Dame de Grace): I draw no inferences whatsoever from that but I do believe it is an interesting fact in connection with this case because it indicates at least one lawyer—

Mr. McIlraith: It indicates the quality of your own mind.

Mr. Hamilton (Notre Dame de Grace): —is in a position to obtain this particular type of treatment. Let me make a further point, Mr. Chairman, because it has been somewhat obscure in newspaper reports in the last two or three days.

What is at issue here is not a question of a private quarrel between a mother and her daughter over an estate valued at several million dollars; what is at issue here is the procedure followed by this department in granting the most treasured possession which Canadians can have, their citizenship.

It is important that we take a stand on whether citizenship is going to be granted to those who will value and cherish it and use it here in Canada or whether it is going to be granted to someone who in this case is going to wear it on the shoulder of her dress like a little badge and show that badge practically all the time outside of Canada, refusing to live in Canada and follow the normal procedure of a Canadian citizen in that respect.

I suggest to the committee, Mr. Chairman, that it has been conclusively proven that during the last year when the act called for the applicant to reside continuously in Canada her residence here was of a very short duration. The evidence would indicate that actually it was in the nature of two weeks to a month during that entire year.

The evidence would indicate further that in the preceding years at which time the act also called for the applicant to reside in Canada for four out of a preceding six years, her residence in Canada was of a very temporary nature if indeed it can be said that

there was any residence here. We also know that this woman's minor children have lived continuously in Europe and that no attempt has been made to establish their residence in Canada. We know, too, that immediately upon obtaining her Canadian citizenship this lady left for Europe and has remained there almost continuously since and that at the present time she is, to quote the words of her lawyer in New York, "on tour in Europe". I suggest to you, Mr. Chairman, she is hardly the type of person who is going to take a great interest in her Canadian citizenship.

Regarding the star chamber proceedings of this court in Montreal, let us remind ourselves that those who opposed her application offered to supply stenographers to take down the evidence and were refused.

Mr. Pickersgill: Mr. Chairman, I think perhaps the hon. gentleman is as ignorant of the proceedings in these courts and the proceedings that have been carried on in all these cases everywhere as he appears to be of most of the true facts of this particular case in other respects.

I might point out that it is not the custom to carry on these inquiries in public in any case. The judge receives the applicant in his chambers and asks questions in order to determine whether the person is a suitable individual to receive citizenship. Some of these questions are of an extremely personal nature and I know of no case—I have never heard of any case since I became minister—where these inquiries have been held in public. I think it would be a very undesirable and retrograde step if they were to be held in public.

There is, as the hon. member for Cartier pointed out, a provision in the act for any person who wishes to oppose one of these applications to make representations in writing. Certain representations were made in this case and I am informed were considered. It was proceeded with in the same way as in any other case and the use of terms like "star chamber" is quite inappropriate and a misrepresentation of what really happened.

The Chairman: May I draw the hon. member's attention to the provisions of citation 253 of Beauchesne's third edition which reads in part as follows:

> All reference to judges and courts of justice and to personages of high official station, of the nature of personal attack and censure, have always been considered unparliamentary—

I hope the hon. member will remember that citation in his reference to this particular court.

Mr. Hamilton (Notre Dame de Grace): The minister went to great length to point out to us recently that this court is not of exactly the same nature as a court of law. That was given as one of the reasons why they refused to permit the opposant to be present at the time of the hearing.

Mr. Pickersgill: That is not a correct statement either. The only difference between this court and any other court that acts in matters of citizenship is that the clerk and other officials of the court are federal civil servants instead of being provincial civil servants, but the judge is appointed by the federal government as is the case with county court and superior court judges. I was indicted with great warmth the other day by the hon. member for Kamloops when he said I was contemptuous of the courts in connection with immigration matters, a statement that was completely untrue. He made a great deal of the allegation that I paid no attention to the courts and disregarded the courts. Now the hon. member for Notre Dame de Grace comes here and says that I should set myself up above the courts and review their proceedings and interfere with what happens in the courts. I say that that is a shocking suggestion for any hon. member to make.

Mr. Hamilton (Notre Dame de Grace): The minister says it is shocking but he did it 162 times last year.

Mr. Pickersgill: That is completely and unreservedly false; I did not do that in any single case. When I receive a recommendation, in every case I consider our own records in the department and such other records as are available to us and any other information that is available and relevant, but we never look at the proceedings in the courts. We assume that the judge has done his duty properly and that what he has done is not for us to review.

Mr. Hamilton (Notre Dame de Grace): I can only draw hon. members' attention to the words in *Hansard* where the minister pointed out that in the past year he had rejected 162 applications which had been recommended to him by a judge of one of these courts, and that shortly afterward he said that he did not act as a court of appeal. He claims such action would be simply a shocking thing. I leave it to the committee to decide what is correct and what is not correct in the minister's statement.

However, I am not attacking the judiciary or the courts; I am pointing out certain facts in order to proceed one step further and bring forward certain other interesting facts which have since come to my attention in connection with this case. I was pointing out at the time of the minister's original interruption that despite the fact the opposant offered

to supply the proper stenographic assistance to transcribe the proceedings, that was refused by the court. Subsequently the hearings were held in chambers with the opposant and attorney for the opposant excluded. I shall not labour the business of the exclusion. The minister told us a few moments ago that to all intents and purposes this was a court. I suggest to you therefore that it is highly improper, in the light of his own statement that this is a court, that the completely traditional procedure of having attorneys for the opposants present at every stage of the proceedings should have been thrown overboard in this particular case. It leads us, however, to certain difficulties in assessing the evidence on which the minister presumably came to a conclusion because we find that the findings of the president of the court of Canadian citizenship, Paul Fontaine, on April 16, 1956 include the following. He refers to a certain time when the petitioner was in Brazil and then he continues:

> From there she went to the United States where she stayed until November, 1950, at which time she came to Canada.

That is quite a statement, a very definite statement of residence on the part of this applicant in the United States. On the other hand, we find the same applicant on the 21st day of May, 1956, in a sworn statement which, incidentally, was also made in Rome, Italy, referring to her United States residence and denying it. There was a question of guardianship and her location in connection with that. This is the signed and sworn statement by the same person who was said by the judge of the court to have stayed in the United States:

> With reference to such guardianship, it is true that deponent had a mailing address at 55 West 55th street, but neither petitioner nor deponent ever lived there. Annexed to this affidavit is the affidavit of Seymour Groshut, Esq., a member of the New York Bar and the president of New York Associates, Inc., the owner since 1943 of the premises located at 55 west 55th street.
>
> As appears from said affidavit, the apartment in question was occupied by Mr. and Mrs. Ajo, their daughter and a governess. It consisted of four rooms, a kitchen, livingroom and two bedrooms. Neither deponent nor petitioner ever spent a night in that apartment. During this period, deponent's recollection is that she visited New York on not more than two occasions (petitioner not at all), and stayed for not more than two or three days. On no occasion did deponent stop elsewhere than at a hotel, the Langdon as deponent believes. Petitioner well knows that neither she nor deponent was domiciled in New York during the period in question. . . .

We have there, Mr. Chairman, what would seem to me to be evidence given to the judge—

Mr. Pickersgill: What is the date of that document?

Mr. Hamilton (Notre Dame de Grace): I gave it a moment ago. It is dated May 21, 1956 and it was executed in the province of Rome, city of Rome, embassy of the United States of America. It was sworn to before the vice-consul of the United States of America.

Mr. Pickersgill: I should like to know how the Minister of Citizenship and Immigration or the judge of the court could have been expected in April to know the contents of a document that did not exist until May and then was prepared in Rome.

Mr. Hamilton (Notre Dame de Grace): The point I am making is that the minister rushed this application through with such expediency—

Mr. Pickersgill: I presume the hon. member means expedition.

Mr. Hamilton (Notre Dame de Grace): — that it was not properly dealt with and all the facts were not brought out. The house will remember that I drew attention to a telegram from the attorney for the opposition dated May 24, 1956 stating that he had certain facts that he thought should be produced to the minister and the minister refused to accept those facts and told the attorney that if he wished to proceed on the basis of them he should go to the courts himself.

Another document in connection with the case which is interesting is one which I hold in my hand, and to refresh the memory of hon. members I should like to refer to the findings of the judge in Montreal regarding residence on this lady's yacht. His findings read in part as follows:

> From April 25, 1955, to December 3, 1955, the petitioner lived aboard a yacht owned by the Merida Co., an incorporated company under the laws of the province of Quebec flying British and Canadian merchant marine flags.

The date I would underline in that connection is April 25, 1955 because again I hold in my hand a document, the authenticity of which is sworn to before Mr. Pierre Dupuis in the Canadian embassy at Rome. The document is in Italian and I will therefore not attempt to read it. But it is the commissioning papers of this particular yacht on which the lady claims to have lived from April 25, 1955, and it is interesting that the yacht was commissioned on the 1st of July, 1955, a month and a week after she claimed to have taken up residence on the yacht. Incidentally, the document also indicates that the commission of the yacht expired at the end of August. It is quite possible that the commission may

have been renewed subsequently to cover her residence on the yacht until December 3, but there seems to be very grave doubt that the yacht was even in the water until the end of June, 1955. There has been some indication that the yacht was in the shipyards during the early part of the period that Madame Feltrinelli claims residence thereon.

I would point out just in passing that the registry of the yacht is actually British and not Canadian, although it is owned in Canada.

Mr. Dupuis: So much time for one case.

Mr. Hamilton (Notre Dame de Grace): There is one other point I should like to bring up. Earlier in the debate the Minister of Trade and Commerce rose to his feet in the house, innocence dripping from him like water from a lake Ontario swimmer, and said in effect: "What is this all about? The rest of us should know something about this." Then he asked me a string of questions. That was three or four days ago. I drew to the minister's attention at that time that he had received letters and copies of letters to the Minister of Justice outlining the details of the case, but I was not aware at that time that another letter also was in existence. It is on the letterhead of the Minister of Trade and Commerce, is dated May 7, 1956 and reads:

> I wish to acknowledge receipt of your letter of May 4, and copies of your correspondence with the Hon. Stuart Garson, Minister of Justice, and the office of the Minister of Citizenship and Immigration in connection with the application for naturalization of Mrs. Giovanna Feltrinelli. I appreciate having this information in the event that I am consulted in this case.

The letter is signed "C. D. Howe". I draw that to the attention of the house to indicate the cavalier attitude which has been adopted towards the case by various members of the government who wrote acknowledging receipt of the details and then when they came into the house claimed that they knew nothing about it. There are on file a goodly number of other letters acknowledging receipt of this material from such people as the Minister of Justice, the Minister of Transport, the Minister of National Health and Welfare, the Secretary of State. By the way, if I may stop at this point, the Secretary of State writes:

> Dear Mr. Levitsky:
> I acknowledge receipt of your letter of May 4, with its enclosures, concerning the application for naturalization of Mrs. Giovanna Feltrinelli, which I shall discuss with my colleagues.

I am just wondering what the results of that discussion may have been. The Minister of Labour also acknowledged receipt of the material. The Minister of Fisheries also acknowledged receipt of this material.

Mr. McIlraith: They were very courteous.

[Mr. Hamilton (Notre Dame de Grace).]

Mr. Hamilton (Notre Dame de Grace): On behalf of the Prime Minister, it is acknowledged by Mr. J. S. Cross, his secretary; and on behalf of certain other ministers it is acknowledged by people in their office, such as the Minister of Public Works, the Minister of Agriculture, the Minister of National Defence, the Minister of Northern Affairs and National Resources, the Solicitor General and the Minister of Veterans Affairs. However, I would specifically point out to the house that the first batch of letters to which I drew attention were acknowledged and signed by the particular ministers. Hence the cabinet can hardly claim that they knew nothing about this particular case.

I do not propose to pursue this matter any further, although if one wished to do so, as the house can see from the various evidence that has been produced, one could make a case which, going beyond this into other detail which is available, would be even stronger. However, I do not feel that there is any point, once you build an impregnable stone wall, in continuing to pile stones on top. This case is so clear and so definite that I will try to conclude by restating the three principal points.

An hon. Member: Time!

Mr. Hamilton (Notre Dame de Grace): The first point is the conduct of the citizenship court in Montreal in this most unusual case where an application is being opposed—that is unusual procedure and it makes it an unusual application—I refer to their conduct in refusing to allow the opposant's attorneys to hear the evidence being given on behalf of the applicant or to have a transcript made of that evidence so that they might be in a position to examine it in detail and to assist the court in arriving at its findings. The second point is the rather amazing expediency and speed with which this particular case was handled. While I cannot give any reason as to why these things may have happened, I know that if I have anyone who has a particularly difficult case of application for citizenship and they are wondering to whom to go, I will certainly recommend the Prime Minister's nephew.

Mr. Pickersgill: I suggest that you recommend the hon. member for York West who wrote to me about a somewhat similar case and who received a very courteous and prompt reply.

Mr. Hamilton (Notre Dame de Grace): Having established those two facts, Mr. Chairman, we come to the question of this woman's evident lack of desire and lack of intention to live in Canada. That more than anything else is the thing which bothers me in this

case, namely that this lady had not lived in Canada prior to getting her Canadian citizenship, that she is not living here now and that there seems to be no indication whatsoever that she plans to live in Canada. I suggest that it is an improper thing for citizenship to be granted to someone who does not expect to assume as a Canadian citizen the responsibilities of residence here in this country.

Then finally we come to the question of this evidence which I have introduced to the house this morning in connection with a couple of things and certain other evidence which the minister brushed off and personally refused to see, at the same time directing the person who had this evidence to make it his own private case in the courts of Quebec. The minister, having given the woman Canadian citizenship, apparently refused to have anything further to do with the matter and washed his hands of it, despite the well-known fact that it is possible for him to revoke his action. That is the case, Mr. Chairman. It is clear-cut. Would the minister care to answer one question in order to help me?

An hon. Member: Time!

Mr. Hamilton (Notre Dame de Grace): Who signed the letter which is in the Feltrinelli file which came from Montreal to Ottawa, which urged particularly fast action on this case before the opposant took certain court proceedings which might prevent the issuance of the naturalization certificate and which I believe was directed to the minister himself?

Mr. Pickersgill: Yes, Mr. Chairman; I should be delighted to answer that question. That assertion was made to me and I had the files searched. Not content with that, I searched the files myself and I was unable to find any such letter.

Item agreed to.

National gallery of Canada—

80. Administration, operation and maintenance, including industrial design division, $328,910.

Mr. Nesbitt: This item No. 80 is the other item that was permitted to stand because I had asked the minister two or three questions to which he undertook to get the answers.

Mr. Pickersgill: I think I can answer the hon. gentleman now. There was a question as to how many Chardin paintings there were which were not identical with but similar to the one that was acquired in the group of four paintings quite recently. I am told that so far as is known there were four. The one belonging to the national gallery was formerly in the collection of the Prince of Liechtenstein about which there is a quite interesting history. It was bought by the prince when he was Austrian ambassador in France between 1737 and 1741. The picture itself is dated 1739. It is rather thought to be the first of them, although there is no absolute proof of that. But there is one in the Louvre, as the hon. gentleman has said; and the fact that there is one in the Louvre is of some comfort to the board of trustees of the national gallery. There is one in the possession of Baron Henri de Rothschild in Paris and one in the Nouveau Palais in Potsdam, all reputable collectors.

Then the hon. gentleman asked me about the storage building on Echo drive. I think I cannot add to the answer I gave. I was fairly sure that my answer was right.

Then the hon. gentleman also asked about the war record pictures. I am told that the national gallery does not own them but that it has custody of them.

Then the final question was about these paintings belonging to Professor Bangarth. I am told that on June 22, 1954, Professor Bangarth showed the then director, Dr. McCurry, a painting attributed to Rembrandt, "Portrait of Rembrandt's Mother" and "Interior of an Inn" by David Teniers. I hope that is the right pronunciation. My Dutch is not too good, althought I had Dutch ancestors. The file records the director's remarks: "These are not anything we want to enter into discussion about".

On August 11, 1955 the director was approached—that is the present director—by a Mr. Kingsley Jarvis of Norris, Allen Limited, of Toronto, who offered to show the national gallery four pictures: a Rembrandt, a Tiepolo, a Teniers and a Modigliani. The director replied on August 16 that the gallery would be interested in these pictures if the asking price was in line with present market values, and also if the paintings were of the quality of the notes which Mr. Kingsley Jarvis submitted would suggest. I am putting in the given names of these Jarvises so as to avoid as much confusion as I can.

Then, Mr. Kingsley Jarvis replied on August 17 saying the four paintings were then being offered to some other collector but enclosing photographs of two of them. The research department of the gallery recognized those pictures as belonging to Professor Bangarth, and pictures that had already been drawn to their attention. They came to the conclusion from an examination of the photographs and the other evidence that these were not pictures in which the gallery would be interested. I am told that the normal practice is for the gallery, when pictures are offered, to ask to have photographs submitted, to subject them to very

careful scrutiny by experts in the gallery, and if that scrutiny reveals them to be of real interest, then they ask to have the picture itself sent to the gallery at the expense of the gallery for examination. But if they feel there is no real interest and the board would not be likely to buy them, they do not believe it is proper to use the funds of the gallery for this purpose.

Now, there may be one or two other pictures in this collection of Professor Bangarth's of which the gallery has not had photographs, and if there are they would be very glad to examine the photographs and follow the usual procedure. I have no doubt that if Professor Bangarth wanted to bring the pictures to Ottawa himself at his own expense, they would be glad to examine them. I think the hon. gentleman asked me what officials had examined them, and since this is a matter of expertise, I have no hesitation in giving the names of the officials. I would not pretend to take anything but a ministerial responsibility because I am not an expert on pictures. They were Dr. Hubbard and Dr. Dale, both of whom I think are known to the hon. member, and both of whom are doctors of the fine arts.

Mr. Nesbitt: I am very pleased to hear the answer the minister has given. It answers a number of questions I had in mind regarding these Tillsonburg pictures. I am informed by a letter here that the gallery had seen the actual picture which was purported to be a Rembrandt, as the minister said, and also one by Teniers. Professor Bangarth has a number of other pictures, including a Titian, a Degoya and a number of others. I am assured again, by a letter received the day before yesterday, that these pictures are genuine and he can prove that they are. As the minister knows, I like him am not an expert and I would not know whether or not they were originals.

In view of the fact that these claims are made and apparently in the past they have been represented to the minister by responsible people, I do feel that a glance at a photograph of a picture would hardly be sufficient. I think most hon. members would realize that there is enough controversy very often over pictures, as to whether they are genuine, when people examine the actual pictures carefully, the kind of paint used and that sort of thing. A photograph would hardly be sufficient. The minister has said, as I understand it, that if Professor Bangarth wishes to bring these pictures to the gallery they will be examined.

Mr. Pickersgill: I have no doubt whatever that would be done. I think the hon. gentleman would agree that we could hardly use the taxpayers' money to have them brought here unless the gallery was practically certain it was genuinely interested and that the seller would, under the circumstances, have to bear the cost of making the pictures available for inspection. They would certainly be inspected. Of that, I have not the slightest doubt whatever, and inspected by the best expert they have.

Mr. Nesbitt: I have just one further remark. I am inclined to agree with the minister but I would think possibly, in view of the fact that Professor Bangarth claims these pictures are genuine and if they are they are of obvious value to the gallery, and since it is a very costly and risky thing to transport pictures of this type around the country, perhaps in the near future Mr. Alan Jarvis or some other member of the gallery would be in Toronto and might go over to Tillsonburg to see these pictures. It is not a great distance and perhaps it would be possible for the minister to agree to that.

Mr. Pickersgill: I do not think I should like to commit other people to go to Tillsonburg. It would give me the greatest pleasure to go up to Tillsonburg at any time because, as the hon. gentleman knows, I have special reasons for liking to go to that neighbourhood whenever I can find an excuse for it. I will draw it to the attention of the director, and I am sure he will do whatever is reasonable.

Item agreed to.

DEPARTMENT OF LABOUR

179. Departmental administration, $702,905.

Mr. Gregg: Mr. Chairman, these estimates were before the estimates committee on April 18 where I made a statement regarding the Department of Labour estimates proper. Then, on August 2 a statement was made by the chief commissioner with regard to the unemployment insurance commission. In addition to that, discussions were held in the estimates committee over quite a long period of time. On June 14 I made quite a long statement and for a full day these estimates were discussed in the house.

Item agreed to.

180. To provide for expenses of the economics and research branch, $547,762.

Mr. Nesbitt: In connection with this particular item, this morning I could not help but hear over the C.B.C. news that Dr. Cyril James of McGill University made an announcement. I am sorry that I did not have facilities at the moment to take down exactly what the announcement said, but as I recall, it was to the effect that Dr. Cyril James announced that at a meeting recently held the

various heads of universities had discussed this question of training engineers and technicians. As a result of this conference the heads of the various universities estimated that the number of engineers and scientists being turned out by all the universities and technical schools in the United States and in the free world put together were just about equal to one-half of the scientists and engineers being trained in the Union of Soviet Socialist Republics.

As I recall the bulletin, Dr. James apparently said that a further meeting would be held later in the year to discuss this question of training engineers and scientists.

Mr. Dickey: Order.

Mr. Nesbitt: There is one thing that is quite clear to me, Mr. Chairman. We have heard this matter discussed repeatedly in this house on several occasions and under other headings.

Mr. Dickey: Order.

Mr. Nesbitt: If the senior member for Halifax would keep still—

Mr. Dickey: I will rise on a point of order, and I should like the hon. member to indicate how what he is saying is in any way related to the economics and research branch of the Department of Labour.

Mrs. Fairclough: I should like very much to answer. It is the item under which this whole question was discussed in the committee and in the house, and the hon. member is certainly quite in order.

The Chairman: If the hon. member for Halifax would care to wait a minute I, as chairman, would like to have some assistance from the Minister of Labour because I am not informed about this item.

Mr. Gregg: The topic which my hon. friend is approaching now comes under several items in my estimates, some under labour and some under unemployment insurance. I agree with the hon. member for Hamilton West that under item 180, to provide for expenses of the economics and research branch, part of the duties of that branch is to carry out a study of manpower, womanpower and personnel for employment in Canada; whereas under the Unemployment Insurance Act and the national employment service comes more directly the role of assisting those people in the finding of employment.

While I am on my feet, perhaps my hon. friend would not mind if I anticipated one or two points he made. He has, I am sure, read the very long statement and the schedules and charts which I put on the record on June 14, which bear directly on his topic. Added to that, this year, 1956, is hearing not only many speeches on the part of the principal of McGill University, but by a great many other people. In addition to that, some intensive study is going on on this very topic. This week the second meeting of university representatives and others conferred with us in the Department of Labour and held meetings upon it. Another one is taking place down in my own province of New Brunswick at St. Andrews-by-the-sea early in September on this topic and I assure him, Mr. Chairman, that I do not believe the matter is being overlooked in so far as Canada is concerned.

Mr. Nesbitt: I am delighted to hear the remarks of the Minister of Labour to the effect that this matter is being carefully considered. As I have already said on previous occasions, this matter has been brought up. It is giving great concern not only to members of this house but to responsible people all over the country.

The other matter I wish to raise at this point is a matter which no doubt has been considered, but I think it should be emphasized again. I believe, in the remarks attributed to Dr. James this morning over the air, the difficulty in Canada was with respect to training technical personnel, engineers and scientists. The difficulty is the fact that there are simply no facilities, or inadequate facilities, at the present time to train the people who might be required. Because of the great difficulty that the municipalities and provincial governments have in financing this matter I know that many universities rely on private donations, which is a very fine thing; but in this country I cannot think of any university that can rely entirely on private donations. They cannot possibly provide the facilities without very substantial help from the provincial governments.

We are faced at the present time—and I think the problem is recognized—with a shortage of technical people and scientists. If this matter is not corrected very soon it may be a matter of life and death to all of us in the near future. The municipal and provincial governments cannot handle it; they have not the finances to do it. The minister has indicated that the Department of Labour is apparently taking an interest in this matter, and is looking into it to see what can be done, or should be done. Undoubtedly, Mr. Chairman, it is a question that is going to land eventually squarely on the shoulders of the federal government. Unless the provinces and the municipalities have more money to construct training facilities for these people they are not going to be able to do it and

the federal government is going to have to do it either directly or indirectly. If something is not done about it soon all of us here are going to suffer very severely, and our successors will be more likely to suffer in the future.

Mrs. Fairclough: Mr. Chairman, since the day on which the minister made his statement to the house there has been a veritable rash of announcements with reference to conferences and studies which are being made. The minister himself just referred to one that is taking place in St. Andrews from September 9 to September 11, sponsored by the dominion council of professional engineers. The conference that the hon. member for Oxford has just spoken about, of course, was announced on the radio this morning. In addition, statements have been made by responsible people on this subject.

In the committee on estimates I think the thing that bothered everyone was the inability to procure information, which we thought that branch of the department would have at its fingertips. When the minister spoke on the introduction of his estimates he produced a very important statement on this matter. At that time it was quite apparent that the information that had not been available in the study of the estimates had been produced in the interim, probably on instructions from the minister's office. If all of these conferences that have taken place and are taking place, and those persons who have seen fit to make statements on this very important matter, could be brought together and their resources and information pooled, probably we would then have the information we seek.

I ask the minister whether the green light has been given to this branch of his department to go ahead, because I am convinced the reason we did not have the information in the first place was that they did not have the authority to proceed with the compilation of the information. Certainly, it did not take very long to get once the matter had been threshed out in the committee. I suggest that the minister should give the green light to the economics and research division of his department to go ahead and procure this information, to pool the resources of those various bodies to see whether we cannot come up with the answer to an extremely important question. This should be done not only at the engineering and scientific level, but also at the technical and vocational level.

Mr. Gregg: Mr. Chairman, I think my hon. friend's remarks deserve a comment because of the fact that I admitted at once at the first meeting of the estimates committee that we were armed completely with those things affecting technical training which come within our jurisdiction in relation to the provinces.

As my hon. friend knows, this field divides itself very clearly into two parts. There are the professional, technical personnel and there are the non-professional. We have had the responsibility defined by this parliament to assist in the training of the non-professional technical personnel through the Vocational Training Co-ordination Act, which we have attempted to develop very fully and very successfully, I think.

In the other field we have approached it, I am frank to say, in part. Under the unemployment insurance commission we have the executive and professional branch, which undertakes not only to compile figures, but to give very active service to executive professional people in finding suitable employment, and to corporations and governments in finding executive and professional people for those services.

The hon. member was kind enough to admit that after a lapse of a few weeks we did procure a fairly creditable survey of the whole field, as is indicated in *Hansard* of June 14. Since that time we have followed that up. My colleague, the Minister of Trade and Commerce, has under his jurisdiction a great amount of material in the dominion bureau of statistics. We do not feel that it requires parliamentary sanction. Perhaps it does not require that the Department of Labour be especially earmarked for that purpose, but since it is related to manpower, and to the suitable employment of our manpower in Canada, we have this year strengthened our resources for dealing with it.

One other point was made that I should like to mention. It was made in the committee on estimates. The fear was expressed that we were losing a great many of our engineers, and of our professional and scientific people during those years. We are losing some, but we are not losing anything like the number that is sometimes said.

Mrs. Fairclough: How many?

Mr. Gregg: I have figures for the last three years. This comes from the Department of Citizenship and Immigration and covers the influx of engineers from the United States into Canada and the average for those three years coming in from the United States is 140 per year. We have figures concerning those who are going out to the United States and the average is 249 per year so that the net loss is the difference between those two figures.

Mrs. Fairclough: About 100 a year.

Mr. Howe (Port Arthur): Is the minister able to tell us what the influx of engineers has been from England and Europe?

Mr. Gregg: We have not yet been able to get anything like an accurate statement on that but I am glad my colleague has mentioned it because the net is certainly in our favour rather than against us.

Mr. Howe (Port Arthur): I understand that the balance of exports and imports of engineers was about 1,000 in favour of Canada in the year 1955.

Mrs. Fairclough: Can the minister say whether that is a continuing figure? This is information we found it difficult to procure and no one seems to have this information. I am sure the minister has a personal interest in the matter. Can he tell us if that is a continuing figure or whether it was a sudden spurt in the one year?

Mr. Howe (Port Arthur): I could not vouch for the figures but it is my understanding that in the post second world war years we have been a net gainer of engineers through immigration.

Mr. Gregg: On page 5067 of *Hansard* of June 15 there is some information along that line.

Mr. Gillis: Mr. Chairman, I agree with the minister that these estimates had a pretty good working over in committee and that several of us did make a general statement previously on these estimates before the minister went overseas, so we in this group have no intention of debating all the details or repeating what has been said.

With respect to the question now before the committee, however, I would just like to say that after discussing it in many places and listening to all the information that was available on the subject I believe the question that has been posed is misleading in that we have been pinpointing a shortage of engineers when actually the question the universities and the country must face is the lack of facilities at universities and the need for capital expansion. There is a shortage of all professional personnel; this is true of the medical profession and the dental profession, and there is a shortage of trained personnel for hospitals in general.

Mr. Martin: That is not so much the case in medicine but there is a real shortage of dentists.

Mr. Gillis: What I am endeavouring to emphasize is the inability of our present university set-up to accommodate students for training in all the professions. If you make a canvass of the universities as to the number of applications that have come in this year from students seeking admission into engineering, medicine, dentistry and the other professions you will find that a great many have been denied admission due to lack of facilities.

I think the crux of the problem is not the shortage of personnel in any one particular group but rather it is the shortage of the capital necessary for universities to expand their facilities; that is the question. It is all right for Professor Cyril James and Mr. Duncan and others to take the Soviet union as a yardstick and to say they are doing so much better than we are in Canada or the United States but this again refers back to the question of the money that is available for the purpose of promoting education in the country. What they should remember is that the Soviet union has all the income that is derived from the whole economy to use as they see fit and to pin point any particular project they feel is in the best interests of the Soviet union. In this country our industries retain their profits but in the Soviet union these profits are used by the government without any restriction and they expend them wherever they feel an emphasis is desirable.

I was glad to note that in the last week at least one industry in Canada indicated that it has become conscious of the real problem in education. International Nickel, for example, a few days ago advertised through the press that they were contributing some $2½ million. They use that money, of course, to promote the universities to the best advantage. If we are going to find the money that will answer the problem we are facing in so far as the universities are concerned I believe that more of the industries in this country that see the problem as it actually exists—that is, we are not training sufficient professional personnel because the universities in Canada have not adequate facilities to turn out such qualified graduates—will be led to take such steps. The universities have to find the money to provide facilities to accommodate the student population which is desirous of taking training in the professions. I think we are missing the boat and confusing the issue by merely stating there is a shortage in any one particular professional group.

You can take a look at the manpower situation generally and you will find right across the country that in the national employment offices which come under the jurisdiction of the minister there is a long list of requests for mechanics, bricklayers, carpenters and other skilled tradesmen. We can turn out as many professional people as we like including engineers, but unless there is someone to do the actual job of work that is necessary all our professional training goes by the board

because the real producers of wealth and the builders of the nation along with the architects and draftsmen are the mechanics, bricklayers, carpenters and skilled tradesmen who take the diagram from the drawing board and translate it into something tangible.

The problem of education is not an isolated question relating to any one particular professional group. I believe we have to find the money to expand our university facilities. I think the minister and the provincial government have to step up their trade training program in the different provinces across the country in order to get the skilled personnel who are constantly being advertised for in the national employment offices.

I believe what the government is going to have to do is to sit down with all those who are interested and concerned and pin point the question as it actually is which involves getting enough capital to enable our universities to expand their facilities in order to take care of people who require training and in addition to expand trade training facilities across the country to fill the need for the skilled tradesmen who are required at the present time.

Mr. Gregg: I am glad, Mr. Chairman, the hon. member for Cape Breton South referred to the steps taken by one of our great corporations in this field. I would like to remind the hon. member that the federal government is now doing quite a lot in assisting universities.

Mr. Gillis: I know that.

Mr. Gregg: The federal grant is assisting in a very important fashion. The other day a friend of mine who is the head of one of the great universities of this country sent me his catalogue and attached to that was a thick book listing the scholarships that were available for that university. I took my pencil and ticked off those scholarships, bursaries and other forms of assistance that came from the federal government and they totalled $208,000 for that one year.

It is true, as hon. members who have spoken have indicated, that this professional field is one that needs and is, I think, receiving a great deal of co-ordination and study. The hon. member for Hamilton West mentioned other things that were happening. My deputy minister has reminded me that since we have discussed this there have been discussions going on under the auspices of the manpower committee of the Canadian Manufacturers Association.

We are planning another meeting with the representatives of the engineering, scientific and professional organizations and employers' organizations this fall under the Minister of Labour.

[Mr. Gillis.]

I think we should try to have a very clear understanding of what is happening over the top of the north pole and our task is to estimate how many professional engineers we need here in Canada for our own specific work and then do everything we can toward that end. There have been estimates made as to the requirements of professional manpower and it is the consensus of people who know most about it that our requirements for engineers are now about 3,000 per year. The graduates this year, that is last spring, numbered 1,700, but enrolments have been increasing over the past few years, so much so that the class of 1959 will probably graduate about 2,850. That will be getting close to closing the gap. One might hope that with further activities in the way of immigration of professional people and from other sources we may be able to bridge it reasonably quickly.

Mrs. Fairclough: Mr. Chairman, the minister made a sound statement when he said that first of all we must know what the problem is. This is a many-faceted problem and the picture is constantly changing. Before you can solve any problem you must know precisely what it is you are tackling. That is why under this particular item dealing with economic research we have to consider this question. As the minister has said, there is also the executive and professional division of the unemployment insurance commission which is studying the problem.

Just to show how quickly the picture can change, in the current report of the director of the executive and professional division of the unemployment insurance commission it is said that three years ago it was thought that Canadian employers would be looking for at least 2,000 graduates. It will be seen that in three years' time that demand will have increased 50 per cent, and by 1959, when the minister says that we will be graduating possibly 2,900, provided there are no drop-outs, and there always are, we will still be falling far short of the mark.

I do not want to labour this point, but all those who have to do with this have shown concern. Obviously the first thing to do is to find out what the problem is and to get the best advice we can on how to meet it. I am not overlooking the need for technicians as well, which is most important. People like the Canadian Manufacturers Association and the professional and engineering societies can tell us what the relative need for technicians will be to assist those working in the professional field. It is my opinion that the first thing we should do is to make some projection into the future to find out what we will have to do.

Mr. Nicholson: Mr. Chairman, I am glad the minister is specially interested in this matter because as a former university president I am sure he is quite aware of the problem. When the estimates of the Department of National Defence were before the committee I asked some questions which the minister told me would be more appropriately answered by the Minister of Labour. I should like to refer to two pamphlets, which I am sure all members of parliament have received, by the general manager of the Chemical Institute of Canada. One is entitled "Science and Mathematics Teaching in our Secondary Schools" and the other "Education of Professional Manpower in the U.S.S.R." In discussing the Canadian problem Dr. Garnet T. Page points out:

> Canada faces an unprecedented demand for engineers and scientists, and the demand is likely to continue. This need has created a whole series of problems in education, ranging from the primary and secondary school level, through university undergraduate training to the post-graduate level. All of these problems are of concern to our professional technical societies, and the Chemical Institute of Canada has been studying some of them.
>
> One of these problems—that of what immediate action should be taken to up-grade the level of the teaching of mathematics and science in our secondary schools—is surveyed generally in this article, and a series of suggested measures to ease this problem are put forward, with the objective of having competent and inspiring teachers of mathematics and science in our secondary schools.

Dr. Page then lists a number of constructive suggestions upon which I hope the minister will have some opportunity to comment. In dealing with the education of professional manpower in the U.S.S.R. he gives comparative statistics as between Canada and a number of other countries and points out that the increase in the number of students and teachers in the universities of the U.S.S.R. is a matter of great concern. Mr. J. S. Duncan, president of the Massey-Harris-Ferguson company, has indicated the tremendous interest there is in education in the U.S.S.R. Hon. members who heard him will recall that he visited one plant where 40,000 people were employed and he found that one-quarter of that force or 10,000 persons came back three nights a week from 6.30 until 9.30, some to take up elementary work, some secondary work and some university work. Here we have 10,000 out of 40,000 coming back after a hard day's work, and Mr. Duncan emphasized that it was hard work, because they felt the urge to improve their qualifications.

When the national defence estimates were before us I asked for a report on the conference which had been held some time earlier in the session when various departments of government had looked at this problem. We were able to draw from the Minister of National Defence the information that cadets are trained at a cost of $32,000 each. It seems to me that that presents a problem to Canadians. If we are able to find $32,000 to provide training for a cadet to qualify himself to enter the army, air force or navy, then the Minister of Labour must be prepared to give consideration to the problems which exist in the field of education in order to make it possible for Canada to meet the continuing challenge which is presented to us, particularly by the need of an ample supply of engineers and teachers of mathematics and sciences in our schools, so that we can train a sufficient number of these people.

Can the minister give some report on the question which I posed when the defence estimates were up and when his colleague intimated that he might have something to say later on?

Mr. Gregg: The documents which my hon. friend has in his hands were on the agenda of the discussions which took place this summer and which will continue. My hon. friend referred to the great growth of scientific training in Russia, and spoke of those there who apparently had felt the urge to improve their qualifications. I am inclined to be a little suspicious of that; I am inclined to think that somebody outside felt the urge that they should improve their qualifications and probably used stronger incentives than we would want to use in Canada or that are available in the federal or provincial fields. I have come to the conclusion this year from observing the wholesome interest in Canada not only on the part of the universities but outside that what is needed here is the creating of an atmosphere in which private industry and the universities together with governments, but governments particularly, will take a leading part in carrying out studies and devising plans that should be put into effect to obtain the results that we all want to see as far as Canada is concerned. I can assure my hon. friend that within the limits of my department nothing will be left undone to carry that out.

Mr. Nicholson: I do not wish to extend the argument. Dr. Page certainly does not give the impression that people are being forced to take education. If facilities are available so that those who want to improve their educational standards can take advantage of them I think that there are a great many Canadians who would be prepared to continue their education, even after they leave high school. Mr. Duncan gave the impression that the people who have a better education in Russia are the people who have better

clothing, better living facilities and a chance to enjoy higher standards of living. He emphasized that their standard of living is low compared with ours, but there is a feeling that if a citizen can get a better education he can expect to have a higher standard of living.

There are many Canadians who would like to have a higher standard of living and who would be prepared to improve their qualifications if they could feel that at the end of one year's study, two years' study or three years' study they would be able to have a better house, a better car, a higher standard of living. I think the minister must get his other colleagues in the government persuaded that Canada can do something better than we are doing in this general field.

Mr. Blackmore: On this very matter I wonder whether the minister would tell us if he knows whether there is any cost attached to the post-graduate work that these young people do in Russia. Are the night classes free to them? Does the minister happen to have information on that point?

Mr. Gregg: No, I have not. My inference is that it is a part, as so many things are, of the great state plan to forward the interests of the country under the direction of the state.

Mr. Blackmore: The contrast between the situation of these Russian boys and girls and the situation confronting our boys and girls is a matter for very serious thought. If I want to send my boy to university just think of the amount of money I have to find to provide him with board and room and the other things he has to have and the amount of money I have to pay to get him into the university, the amount to keep him there, all the fees and so on. Look at the hurdles our boys and girls have to leap in order to get even an elementary education. I would imagine a good deal of thought should be given to that aspect of the question in our general search for a solution.

Item agreed to.

184. Administration of the Canada Fair Employment Practices Act, $10,500.

Mrs. Fairclough: While this is not strictly pertinent to item 184, I should like to ask the minister this question. Now that the equal pay legislation has passed the house and will become effective shortly, I presume, what division of the department will administer it? Will it be put under the fair employment practices division, under the women's division or where will it be administered?

[Mr. Nicholson.]

Mr. Gregg: It will come in a general way under the industrial relations branch but the women's bureau will have certain duties with respect to it under that branch.

Mrs. Fairclough: That will be under vote 182.

Mr. Gregg: Under both.

Item agreed to.

185. International labour conferences, $67,720.

Mr. Herridge: I want to say a few words under this item. Before proceeding to deal with what I particularly intend to mention, I must say that this group, as everyone knows, has great consideration for the hopes and aspirations of labour, and I think that has been shown by our restraint during the last few days. I am referring to the staff of the house which I think has suffered unnecessarily by unnecessary repetition on the part of some members. The *Hansard* reporters, what I shall term the *Hansard* angels, the protective staff, the messengers, many in the civil service employed by the government are, in my opinion, being unnecessarily inconvenienced by our thoughtlessness with respect to their holidays and the length of our session.

I want to mention a particular subject and I really think that the minister in his heart will agree with me. I hope he says so before I am finished. I made an inquiry of the ministry by placing three questions on the order paper on June 11 of this year. My questions were:

1. Did any United States citizens represent Canada at conferences of the international labour organization, or any agency thereof, since January 1, 1950 to date?

2. If so, what are their names?

3. Were their expenses paid by the federal government? If so, what was the total amount in each case for this period?

The answers I received are as follows:

1. Employer and labour delegates and their advisers attending conferences of the international labour organization or other meetings held under its auspices are nominated by the representative national organizations of employers and labour. It has been the policy of the Department of Labour to approve nominations so made. The department is informed that two persons nominated by their respective organizations since 1950 were, at the time of their nomination, citizens of the United States.

2. These were Mr. Clyde E. Shumaker, nominated by the Canadian Manufacturers Association to attend the 36th I.L.O. conference in 1953 and the 39th I.L.O. conference in 1956; and Mr. H. C. Banks nominated by the Trades and Labour Congress of Canada to attend the meeting of the I.L.O. industrial committee on inland transport, held in Geneva, February, 1954.

3. Clyde E. Shumaker
1953-54—$1,496.13, paid by the Department of Labour.
Hal C. Banks
1953-54—paid by the international labour organization.

I rise in this connection because I think it is most unfortunate that Canada should be represented at international conferences by United States citizens, and we in this group protest this most vigorously. I think it is a violation of the constitution of the international labour organization. Article 3, paragraph 5, of the constitution of the international labour organization, reads as follows:

The members undertake to nominate non-government delegates and advisers chosen in agreement with the industrial organizations, if such organizations exist, which are—

These are the appropriate words:

—most representative of employers or work people, as the case may be, in their respective countries,

That is the constitution. I know a good many workingmen in this country do not think Mr. Harold Banks is most representative of Canadian labour, and a good number of them have told me so. There is no necessity for me to go into his history. It has been recorded in the issue of *Maclean's* magazine of February 15, 1955, it has been mentioned in the house and it has been the subject of discussion in a good number of places in this country.

The other gentleman, a thoroughly respectable gentleman at least, was appointed by the Canadian Manufacturers Association. I understand that Mr. Shumaker has been the chief industrial relations officer of the Goodyear Tire Rubber Company Limited of Toronto. I make no protest against Mr. Shumaker's character or capacity to perform this function. I simply protest against this sending of United States citizens to international labour organization meetings as most representative of employers or of labour in this country.

I also want to bring to the minister's attention the fact that, according to a return made in this house in reply to questions asked by the hon. member for Hamilton West, the Department of Labour, with respect to question No. 2 in connection with expenses, replied as follows:

2. For I.L.O. industrial committees of this nature, worker and employer delegates represent their respective groups and report back to their own national organizations in Canada after attending the committee meetings, expenses to which are paid by the International Labour Organization.

I wonder whether the minister can explain why Mr. Harold C. Banks' expenses were paid by the International Labour Organization and Mr. Shumaker's expenses of $1,496.13 were paid by the Department of Labour? You know, Mr. Chairman, it almost makes me weep to think of this poverty-stricken Canadian Manufacturers Association having to take a collection from the Department of Labour. I understood that we made a contribution to ILO and that out of the budget of ILO all these delegates received their expenses. I should like the minister to explain why we directly paid the expenses of the delegate of the Canadian Manufacturers Association.

In addition to that question, I want to ask the minister three others. Does the minister think that persons of this type are most representative of labour and employers in Canada and that this type of employment complies with the constitution of the ILO?

Mr. Gregg: I wonder whether my hon. friend will allow me to reply to that question first?

Mr. Herridge: Certainly.

Mr. Gregg: It is quite a hard one and I do not want to be confronted with another one before answering it.

I know that my hon. friend is devoted to democratic practices not only in his political life but in his attitude toward labour particularly. It is not what the minister thinks in these matters that governs; it is what the organizations think; I refer to the organizations which provide their representatives for these special purposes. When we go to them and ask them if they will please nominate what they consider is their most representative delegate for this particular purpose, I do not think it is for me, as Minister of Labour, to question Mr. "X" when they give that name as a nominee or for me to question the Seafarers International Union when I make the same request of them. That is exactly what happened in these cases. The Canadian Labour Congress was asked and the Canadian Labour Congress in turn asked the Seafarers International Union. I have no doubt whatever that the Canadian Manufacturers Association, on the one hand, and the Canadian Labour Congress and their affiliated organization, namely the Seafarers International Union, on the other, felt that these two gentlemen filled the purpose that was needed at this special conference.

Mrs. Fairclough: Might I say just a word on that point, Mr. Chairman. When the minister's department solicit nominations, as I presume they do, from these bodies, how simple it would be for the department to ask for Canadian citizens. We assume they will be Canadian citizens. We just naturally assume that. I do not think that the Canadian Manufacturers Association on the one hand or the Canadian Labour Congress on the other

ever thought about the fact that they were nominating persons who were not Canadian citizens. As the hon. member for Kootenay West has said, there is a difference in the two nominees. But nevertheless, even if they nominate citizens in ignorance of the rules of the ILO and if they nominate individuals who are not citizens of Canada, it would seem to me that it is the duty of the minister's department—and this particular division has a director paid by his department—to say to these organizations: "This individual, who may be a highly respected person and a well-qualified person in so far as he personally is concerned, is not an acceptable nominee to this department by reason of the fact that he is not a Canadian citizen".

Mr. Gregg: While I have not gone as far as my hon. friend has gone, I should like to point out that during the last several years, in writing for nominations from employer and worker organizations we have pointed out and have stressed the desirability of the person nominated to us being a Canadian citizen, and we will continue to do so.

Mr. Herridge: I was extremely glad to hear the minister say that, Mr. Chairman. I think it is most improper that this country should be represented abroad—either employers or employees—by citizens of other countries. I should like to ask the minister this question. Does he bring to the attention of these organizations this rule in the ILO constitution which says that they must be most representative? I think it takes a great stretch of the imagination to say that the citizens of another country are most representative of Canadians when they go to an international labour congress.

Mr. Gregg: That rule is well known to those who nominate their representatives.

Mr. Herridge: Can the minister explain why the Department of Labour paid the expenses directly of the delegate of the Canadian Manufacturers Association?

Mr. Gregg: Yes. Without going into the details of the matter, may I say this. There are some of the activities of the ILO in connection with which the ILO budget takes care of the expenses. Mind you, we contribute to the ILO budget to quite an extent. We assist to that degree. There are also other meetings in connection with which the Department of Labour is called upon to pay the expenses of the delegates, I refer not only to departmental delegates or government delegates but other delegates as well. It just happens that way. There is nothing invidious about it.

[Mrs. Fairclough.]

Mr. Herridge: Just in conclusion I want to say this. I trust that in future the employers organizations in this country and the trade unions will have sufficient pride in being Canadians to nominate Canadians to represent us at the ILO.

Mr. Gregg: Thank you very much.

Mr. Blackmore: The matter on which I should like to ask the minister a question does not come under this item. I wonder whether he can tell me under what item I might ask it. We are given to understand that there is a heavy advance in the price of steel. I want to ask the minister whether there is any means whereby he consults with people like the steel companies in respect of any proposed advance in price in order to make sure that that advance in price is completely justified. Under what item could I ask concerning that matter?

Mr. Gregg: Mr. Chairman, I am afraid that matter does not come under any item that I can think of in my estimates.

Mr. Blackmore: Could the minister suggest under whose department it would come?

Mr. Gregg: I would hate to suggest it, Mr. Chairman. Perhaps, as we go along, my hon. friend would give it consideration and we would see where it might fit in. But I am quite sure that I cannot think of any item in my estimates where it would appropriately fit.

Item agreed to.

187. To provide for expenses of the women's bureau, $26,958.

Mr. Gregg: Mr. Chairman, I am going to pause at this item because the hon. member for Hamilton West and the hon. member for Timiskaming in the corridors and the hon. member for Hamilton West in the house have put forward the point of view that there should not be any delay in the promulgation of the bill which is now awaiting royal assent. I think this would be the most appropriate place to make a statement on the matter. I can state that as soon as royal assent is given—which I hope will be before too many days—

Mr. Gillis: I certainly do.

Mr. Gregg: —my officials will forward to our fair wage officers and to the larger employers of women coming under federal jurisdiction a copy of the act so that they may have it and be able to study it. I shall also recommend to the governor in council that the act be promulgated on October 1, 1956.

Item agreed to.

189. To provide for expenditures incurred in connection with manpower utilization, labour-management relations and related programs as may be authorized by the Minister of Labour, $30,000.

Mr. Hansell: I had prepared a couple of 30 minute speeches on this item, but I am going to throw my notes to the winds and take about two minutes. This is not a very large item, only $30,000, but it involves, I believe, a very important principle and that is what can be done by the minister's department to help settle differences between labour and management. The question raised a moment ago by the hon. member for Lethbridge is a little bit pertinent to this item and I think it could have been discussed under this item, but I shall leave it with him to determine whether he thinks it should be.

The point is this. In my opinion labour and management can never get together to solve what we believe to be a flaw in the present system whereby, in the over-all picture, prices and wages can never come together. The present monetary policy of the government, based on a flaw, will never provide enough purchasing power within industry to buy back the products of industry. The result is that every time there is an increase in wages, then that must be written into costs and by reason of the rise in the price level the people suffer because that generates a shortage of purchasing power. All I would say is that it is a problem of automation; that is what labour calls it now. It does seem to me that the trend is to try to guarantee something within industry which cannot be guaranteed because it is not there. If industry does not generate enough purchasing power to buy back its products, then that flaw must be corrected.

In our social credit concept—I am not going into the details of economics on it—we have that problem solved by what we determine is the compensated price or what might be in the end a national dividend to make up that shortage of purchasing power.

An hon. Member: Carried.

Mr. Hansell: No, my friend, it is not carried, but I am not going to detain the house.

An hon. Member: What item are you on?

Mr. Hansell: On 189; I am advocating this, that the Minister of Labour, who has a responsibility in this connection together with the Minister of Finance who also has a responsibility in this connection, solve that flaw in a way whereby the economic system will work so that there will be enough purchasing power by reason of wages plus dividends or wages plus a compensated discount on price, to keep the system functioning so that the Canadian people can always buy back the results of the production of industry.

I have said a lot there. If it is not going to be solved that way, then the trend is to push all industry into the hands of government and what the socialists have been advocating, government ownership of industry, will be accomplished but not by the socialists but by a flaw that is presently and always has been in the financial policy of the government. Labour and management will do that themselves unconsciously, but that is exactly what will happen if that problem is not solved. I have compacted a 30 minute speech into a few sentences.

Mr. Blackmore: It may be in order here to ask this question in another form. I asked about the steel problem. We in the west, and in Alberta, are being absolutely crucified by freight rates. They seem to have the idea we can bear the full shot to remedy freight rates all over the country. They will not be satisfied until they are walking over our dead bodies. If the railway men ask for higher wages and the C.P.R. or the C.N.R. just increase their rates enough to cover that increase in wages, that is one thing. But if they say, very well, it is going to cost us $30 million more to pay the wages and we are going to take a little rake-off out of this thing, we are going to take $35 million; if that kind of think is done, and I am afraid it is, not only in the case of the railways but in the case of most industries in Canada, then it is obviously a most iniquitous situation. As the hon. member for Macleod has indicated, if it is not taken care of it will mean the utter destruction of our economy and our free way of life.

I just wonder if the minister has any department under which he does investigate to make sure that if a company has to pay an additional amount for wages, it takes out of its consumers just enough to cover that additional amount and not that additional amount plus a substantial rake-off. Has the minister any department that looks into that matter? It seems to me he should have the knowledge anyway; he should have the information.

Mr. Gregg: When the hon. member for Macleod was speaking I did not interrupt, Mr. Chairman, because I felt that there were some things he was saying very forcibly that were related to these estimates. However, I am quite sure the hon. member for Lethbridge has given unto the Minister of Labour powers that he could not gain. The minister's main preoccupation in the field the hon. member has mentioned comes under item 182. I am free to admit that there the primary consideration is to maintain industrial

peace as between management and labour in those industries that come under the federal jurisdiction. It would probably be very good if the Minister of Labour could investigate all those factors scientifically and work out a formula that would achieve stability within our economy such as outlined by the hon. member for Lethbridge. But I would be untrue if I were to say he could do it under our present set-up. It would be true to say that I will co-operate with my colleagues in every way I possibly can in achieving some of the results that the hon. member would like to see.

Mr. Blackmore: I should like to make one more comment. I am not suggesting the Minister of Labour necessarily has the power to bring about the adjustment I am suggesting. I am suggesting that the knowledge should be accumulated in his department so he will be able to tell whether there is any form of extravagant increase blamed upon increases in wages. Has he any department through which he gains the knowledge?

Mr. Gregg: We acquire information, and that is one of the roles of our research branch.

Item agreed to.

The Deputy Chairman: We have one item.

Mrs. Fairclough: I assumed that the minister was going to call it one o'clock befor he passed the last two items. I am willing to let it ride on 190.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Vocational training co-ordination—

194. To provide for carrying out the purposes of the Vocational Training Co-ordination Act and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council to provide financial assistance to vocational schools, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—payments to the provinces, $4,515,150.

Mr. Hamilton (York West): Mr. Chairman, I have looked over the report of the department and I have also read the minutes of the estimates committee and I find it difficult to reconcile the various amounts set out in various ways for vocational training. I wonder if the minister would simply break down the total of $4,515,150 for the provinces?

[Mr. Gregg.]

Mr. Gregg: Does my hon. friend wish me to break it down in addition to the breakdown on page 259?

Mr. Hamilton (York West): As I see it the breakdown on page 259 relates to the various types of training and in the report it is broken down in the same way but on a somewhat more detailed basis. I wonder if the minister would break down the total for each of the ten provinces for all purposes covered by the section?

Mr. Gregg: Mr. Chairman, at the very bottom of page 259 payments to the provinces are indicated for 1955-56 and for the coming year 1956-57 and the latter is shown in the left-hand column.

Mr. Hamilton (York West): I am asking the minister to advise us how much was paid to Prince Edward Island, New Brunswick and to each of the other provinces, breaking down the total amount.

Mr. Gregg: May I give it in round figures?

Mr. Hamilton (York West): That would be quite satisfactory.

Mr. Gregg: For the fiscal year 1955-56 for Newfoundland it was $835,000. I am sorry; the figure I have just given you is the total accumulated figure since the inception of the vocational plan but I think what my hon. friend wants is the breakdown for one year.

Payments to April 30, 1956 for fiscal year 1955-56 are as follows: Newfoundland, $135,000; Prince Edward Island, $34,000; Nova Scotia, $373,000; New Brunswick, $233,000; Quebec, $647,000; Ontario, $1,073,000; Manitoba, $352,000; Saskatchewan, $307,000; Alberta, $491,000; British Columbia, $309,000; Northwest Territories, $6,000; Yukon, $2,000.

Mr. Dupuis: Mr. Chairman, I hope the minister will not mind repeating the sums for the provinces of Ontario and Quebec.

Mr. Gregg: Does my hon. friend wish me to repeat the figures I gave a moment ago?

Mr. Dupuis: Yes.

Mr. Gregg: For Quebec it was $647,000 and for Ontario $1,073,000.

Mr. Hamilton (York West): Do those figures include the two items which are listed on page 83 of the department's report under tables 7 and 8 for the training of armed forces and defence industries?

Mr. Gregg: Yes.

Mr. Dupuis: Mr. Chairman, can the minister explain the reason for the difference—of course, I am not jealous—between the figures for the province of Quebec and the province

of Ontario? Is it a lack of co-operation on the part of Quebec or is it for some other reason that the amount for Quebec is so much lower than the amount for Ontario?

Mr. Gregg: My hon. friend will see that in the figures I have given there is no particular relationship at all with the population of the ten provinces. There are a number of schedules of training; some provinces want to put stress on one and some on another. We co-operate with the provinces in doing what they think will serve the best purpose.

Mr. Dupuis: Does that mean the province of Ontario has done more in that sphere of activity than has the province of Quebec?

Mr. Gregg: That effort is indicated by the figures I have given.

Mr. Dupuis: I am just asking these questions of the minister because we were told something different at the last provincial election.

Mrs. Fairclough: Where do you think that will get you?

Item agreed to.

Unemployment insurance commission—

196. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act, $27,341,745.

Mrs. Fairclough: Mr. Chairman, concerning this item, which covers the administration of unemployment insurance, we in this group feel that we have had a very satisfactory survey of the department. When I say that, I do not mean we are satisfied with everything that has happened but we feel we have had ample opportunity, both in the committee and during the stages of the recent resolution and bill with respect to amendments to the Unemployment Insurance Act, to ask questions and obtain the information we wanted.

I have only one more comment to make and although I have said it three times before I feel I must say it again. In the application of recent amendments to the Unemployment Insurance Act with regard to section 45 (2) I urge the minister from the start to keep a very close watch on the application of these amendments in order to make sure we do not get into any kind of difficulty during this coming period of seasonal unemployment as we did last year.

The revised act is still new. We have gone through one season when we did not measure up to the expectations of that act. Although we may think we have improved the act, for those will apply in the future, I feel very strongly that the portion of the 100,000 people, if that is the figure, who failed to qualify last year because of changed conditions from the old act to the new act, or other persons taking their places, should not again face the same problem nor should they be placed in a similar position.

There may be a tendency to think we have cured the situation and it may well be that it has been cured; but the people who suffered a serious period of unemployment even for one season without proper compensation—and they might well be excused if they thought they deserved compensation —do not re-establish themselves quickly. Such people pile up debts and go through a period of dislocation which is disastrous to them.

The people who were cut off from receiving benefits last year—whatever the number might have been—are going to suffer as the result of this cut-off for a long period of time. I hope the minister will start early to keep a watchful eye on this situation and instruct his officials to consider this matter seriously and that they will endeavour to the best of their ability to avoid a recurrence of the situation which developed last year.

Mr. Gregg: Mr. Chairman, my hon. friend gives me the opportunity to say what I think should be said in relation to the first part of her remarks. It has been said in this chamber at other times that the estimates committee was to some extent useless and did not perform its purpose. I want to testify this afternoon that in so far as my estimates are concerned I value most highly the study and criticism and suggestions which were made in the estimates committee when we were before it.

On the other point, may I say that the new act came into effect on October 2 last year. This is August 11, not yet a year after, and yet we have tried to insert this session what was conceived by all of us to be something that should have been in the old act. I can tell my hon. friends of the committee that we will continue to watch it with the utmost vigilance.

Mrs. Fairclough: Obviously the difficulty arose when the regulations were put into effect. We foresaw this potentiality when we studied it last year. None of us in committee had had any control over the regulations or the interpretation of the regulations or of the act. We had no control over that at all, we could only view it as we saw it. Then these things come along at the administrative level.

If I had a criticism to make it would be that I believe that the minister and his

department are swayed by the findings of the actuaries. In my estimation the role of an actuary is to tell the department how much they will need to perform a given service, not to say to them, "You cannot do this because you have not enough money." I think the minister should make sure that the viewpoint of his department is what is required and how much do we need, not how much do we have and how much can we do. Let us proceed on that basis. The role of the actuary is extremely important, but he is not a policy making authority. So let us not get off on that track.

Mr. Bryce: Mr. Chairman, I have a couple of grievances I want to bring before the minister. If he cannot give me an answer now perhaps he can let me have one some time in the near future. I will not go into these in detail but it seems to be the whole crux of the thing that one woman who is complaining is the wife of a man working in the air force. He was moved to Gimli in my constituency and apparently her crime was that she followed her man. She left her job in Montreal or St. John, Quebec, and followed her husband to Gimli and reported for work there. She cannot get any benefits according to the data I have here.

I think that is a most unreasonable stand to take simply because she gave up a job 2,000 miles away and followed her husband and tried to get work somewhere else. She has been paying into the insurance fund for a long time. Then I see here a rather hard blow to the town of Gimli because they say it is a small civilian settlement. I hope the people in Gimli never know that that is on the record. That is one of the oldest settled districts in the interlake country because the Icelanders settled there in 1871. There are approximately 3,000 people at the air base and the town is growing by leaps and bounds. There is a lot of work there. I do not want to be as bad as other people by talking too long.

The only crime this other woman committed was to stop work when she was going to have a baby. When she had her baby she applied for work and they said, "Go to Winnipeg." Winnipeg is 65 miles away so it would be a round trip of 130 miles. You cannot expect anyone to travel 130 miles a day unless he is well enough off to have a plane.

I do not think either of these women has committed a crime but they have both been denied any relief or recognition by the unemployment insurance commission.

Mr. Gregg: First of all I want to apologize to the residents of Gimli because of the comment indicating that it is not a very large place. I do not think the cases mentioned by the hon. member have been submitted to me. I shall not have much to do for the next few days and if my hon. friend will send them to me with such explanatory information as he may have I shall have them both carefully reviewed.

[Mrs. Fairclough.]

Mr. Bryce: Thank you very much; I shall be pleased to do that.

Mr. Patterson: Mr. Chairman, I should like to make one or two observations at this time. I did not participate in the debate to amend the Unemployment Insurance Act but I want to assure the minister that we appreciate the amendments which were brought in and are sure they will be of real value to the various groups of people concerned.

I believe the purpose of the unemployment insurance commission is to facilitate the granting of benefits to those who qualify and in order to do that I would imagine that to have offices in strategic places would be of great importance. A short time ago I brought to the attention of the officials of the department the situation existing in Hope, British Columbia, in my own riding. The people there have requested that an office be opened but apparently up to the present the officials have not seen fit to recommend this. This afternoon I should like to request the minister to look into this situation. I feel an office in Hope is justified because this is a vital section and there would be a considerable amount of work. I ask the minister to re-examine the situation.

Just one other thing. During the period when the C.P.R. bridge was not available, having collapsed, the unemployment insurance office at Mission was moved to Abbotsford on a temporary basis. However, we feel that the continuation of this office on a permanent basis is warranted after the bridge has been repaired. On request of my constituents I ask that this office be continued on a permanent basis for the benefit of the people there.

Mr. Gregg: Mr. Chairman, I shall ask the commission to look into the two cases mentioned. I think I must point out to the hon. member that there are many hon. members on all sides of the house who would like to have offices opened up at additional points in their ridings, but I am sure the hon. member will understand the importance of economy. We have about 200 offices across Canada and in attempting to serve the needs of the workers in the best possible way we try to carry on from those offices without adding to the amount we must ask for for the administration of this act. I shall ask that these two cases be looked into.

Mrs. Fairclough: With reference to this section of the Unemployment Insurance Act, as I mentioned on August 6 at the resolution stage of the amendment to the Unemployment Insurance Act, this section 67 (1) (c) (iv) with reference to married women is pointed up again by the remarks of the member for Selkirk. I have heard all the arguments for years with reference to why there should be special provisions for married women in the act, but it occurs to me that the minister and his officials are quite willing to gamble in the application of the act to other groups of employees. When it comes to this one specific group, they lay down these hard and fast rules which cannot be altered. I have approached the minister previously on other grounds. I now ask him if he will not gamble a little and remove this provision from the act, that is, remove section 67 (1) (c) (iv) and section 161 of the regulations, and see what happens.

Mr. Gregg: I am sure that my hon. friend would not want me to start gambolling at my age, but we shall continue to look at this question of married women with the utmost care as we have in the past. I am sure that in the past year we have improved the regulations to some extent.

Mrs. Fairclough: I should not like to ask the minister to do anything that he had not done up to this time of his life, but in regard to the Unemployment Insurance Act there was a big gamble in the act last year.

Mr. Gregg: As it affects married women?

Mrs. Fairclough: As it affects the 100,000 workers.

Mr. Gillis: Whilst the married women section is part of the act, there is another question he raised—and it is not a new one—on the matter of administration. I think that this centre here is affected to a greater extent than any other part of Canada. At least to me, the problem seems to be mainly around Ottawa. There are many army, navy and air force personnel around this city, and in many cases both the husband and wife are working. The man in the service suddenly gets an order that he is being transferred to Vancouver, Halifax or some other point.

In order to maintain the home, naturally the woman wants to follow her husband, and so she goes to Halifax. The reason why she leaves her employment is that an order has been issued by the service authorities. To maintain her home she has to go with her husband and leave her employment. When she arrives in Halifax she cannot find similar work. Perhaps she has been contributing for ten years to the unemployment insurance. It is through no fault of her own that she has to go to another part of the country. There is nothing in the act that says that that woman cannot draw unemployment insurance in Halifax. I think it is a matter for the minister and the commission to determine the validity of permitting that woman to draw benefits under the circumstances I have just described.

That is one matter that the member for Selkirk raised. The other one, of course, has been beaten to death. As I said at the resolution stage, there has been considerable modification of the application of the regulations to married women.

Mrs. Fairclough: It should not be there.

Mr. Gillis: I have said that myself but I know now it is useless to repeat it. The minister, since last March, has been making efforts.

Mrs. Fairclough: He has been trying. He won't give up.

Mr. Rowe: He might start gambling.

Mr. Gillis: There are more cases than we get in this house. It is a matter for the commission to determine whether that woman is entitled to unemployment insurance benefits when she has to follow her husband to another part of the country. That is a matter of administration. There is nothing in the act to stop it. I believe the minister and the commission should take a good, square look at that. Quite a few people that were located in Ottawa had to go to Halifax. A woman cannot find the kind of employment there that she can here. It is not fair.

Mr. Van Horne: There can be no question that the more you look into the unemployment insurance commission the more you come to the conclusion that it is one of the worst operated branches of the government. Last winter I brought up the question of some delays to unemployment insurance cases. At first the minister said there were no delays; then he admitted there were six; then he admitted there were 206; then it went up to 7,106 cases. That is the answer I got in March. That is the number of claims referred to the regional office at Moncton by the Campbellton and Edmundston offices. In each and every one of those cases there was an unwarranted delay, in some cases up to eight weeks, to determine the rights of the people to draw unemployment insurance benefits.

I maintain that there is no reason in this world why it should take so long to determine a man's rights to unemployment insurance benefits. I make this recommendation

to the minister, that he take the means now, this summer and this fall, to make sure that next winter we shall not have a repetition of the debacle that happened in northern New Brunswick last winter with regard to the collection of unemployment insurance benefits. These people have families and they cannot get along without those benefits. Real hardship, of which the minister may not be aware, is inflicted on those families just because they have not taken the means to handle those cases expeditiously and quickly.

Another thing I should like to bring up is this. What is this idea of forcing people, especially people on the north shore of New Brunswick, to go 400 or 500 miles away from home? Last winter there was an order to send 300 or 400 to La Tuque, Quebec, to cut pulpwood. These people were made to work under such conditions in the woods outside La Tuque that they were not able to earn enough money to pay their fare back home, and it took months afterwards to get their unemployment insurance cases straightened out. There was no reason to give that order in the first place. I recommend that, before any such stupid order is given, an investigation should be made to determine the working conditions and the chances of earning a living in the place where they wish the men to go.

Some of the men were able to get by these stupid regulations in the Unemployment Insurance Act by saying that their wives were sick and they had to return home. Many had to lie, because not all of them had their wives sick, to get out of the obligation to go to La Tuque, where they could not earn enough money to get back home, and if they did not get their unemployment insurance benefits they would be cut off indefinitely.

The minister will say that he has fine employees in the unemployment insurance offices in New Brunswick, and he is absolutely correct. The fault is not theirs; the fault is with him here in Ottawa. Let us get that straight. In Campbellton, Edmundston and Moncton, the people in the unemployment insurance offices do everything within their power to accommodate the people. Every time I have gone to them, they have gone out of their way to find out the reasons for the difficulties, and then they point to some stupid regulation which forces the men to go to La Tuque, or some silly regulation which prevents the person from getting unemployment insurance benefits at a time when he needs it.

There is another matter I should like to bring up. How are we getting along in the matter of bringing about a reciprocity agreement with the state of Maine? In Madawaska county, according to the figures given by one of the unemployment offices in northern New Brunswick, 1,800 people have to go to Maine to make a living. While in Maine, they have to pay unemployment insurance in that state.

I understand there are only two states in all the United States that do not have reciprocal agreements with Canada in regard to unemployment insurance. In other words, if a fellow went to work in New York state, he would get unemployment insurance benefits on his return to New Brunswick or to Canada. But in the state of Maine, as I am informed by the officials of the unemployment insurance commission, there is no such reciprocity agreement. I maintain that if there is not such an agreement, efforts should be made at the present time to make sure that this reciprocity agreement is entered into before the coming winter in order to make sure that these people—the ones that return home after working in Maine—will be able to collect unemployment insurance benefits. The case does not apply so much to the state of Maine, I will readily admit, because there is more woods work, and there are more activities going on, in northern Maine than there are in northeastern New Brunswick. But 1,800 people are affected, and that is only in my province. It is asserted that over 6,000 people are affected in other localities in Canada along the Maine border.

Another matter to which I would like to direct attention is this. We sometimes ask ourselves why it is that people are leaving the farm. It is bad enough, I think, when you see farmers in the position of being unable to do anything about getting unemployment insurance benefits. But here is the problem. The farmers' helpers, the people who are employed as farm hands, do not get unemployment insurance benefits. For that reason they are reluctant to work on the farms. One farmer after another in my area has come to me and said that if this regulation were changed he might be able to obtain help and to retain it.

Mr. Gregg: I wonder if I might interrupt the hon. member for Restigouche-Madawaska at this point. The first three points that he mentioned, of which I have taken careful note, are in order under this heading. The present one is not in order because under this item nothing can be done about it.

Mr. Van Horne: About which?

Mr. Gregg: If my hon. friend had wanted to debate that matter, he would have been able to debate it on another occasion.

Mr. Van Horne: You have done nothing about it.

Mr. Gregg: With regard to the application of unemployment insurance to workers on the farm, may I say that nothing can be done about it under this item which we are discussing at the present time. While I am on my feet—

Mr. Van Horne: I am advocating it, and I am suggesting that you do something about it.

Mr. McIlraith: Advocate it on the proper occasion.

Mr. Gregg: That is all right. An occasion existed during this session—

Mr. Van Horne: I made the suggestion during this session, on two other occasions.

Mr. McIlraith: You were not here.

Mr. Van Horne: I brought this matter up on two other occasions.

The Chairman: Order.

Mr. Gregg: Perhaps my hon. friend would permit me to answer his question. The only one that I think is deserving of an answer of the first three is the one relating to the state of Maine. I can assure him that the commission has consistently and steadily—as it has done with corresponding states right along the United States border across Canada—tried, and is still trying, to work out reciprocity arrangements with the state of Maine with regard to unemployment insurance. We have hopes that this result might be achieved. However, it takes time. I can assure the hon. member or rather I can assure the workers in New Brunswick that it is not the fault of the unemployment insurance commission that there has been delay.

Mr. Van Horne: Mr. Chairman, the point I am making is this. I do not think the minister is taking the means to bring it about sufficiently well. He is not doing it properly, I think if it were done properly, this reciprocity agreement could be prepared within a very short time.

Mr. Jones: Mr. Chairman, I should like to support the last speaker in what he has just said. I agree that he is probably out of order in dealing with casual farm workers, but the minister has not yet told us whether any steps have been taken to protect these people. In my own particular riding I know that fruit workers such as pickers and so on spend part of their time in the packing houses, that they are obliged to contribute their stamps but that they never get any benefits. Year after year we have brought this matter up. It is true, as the minister says, that it is out of order at the moment to discuss the matter but he has not this session given us an answer to our constant requests. That request is: Will these people at some time be taken care of? That is all the previous speaker wanted to know. It is also something that I should like to know because, when I go back to my riding, these people will ask me, "What are they going to do about the casual farm worker in the fruit industry?" It is a serious problem. At the present time, where they are obliged to contribute to the unemployment insurance fund while employed in the packing houses, I think the government is taking the money from them under false pretences because they are not being covered at any time.

Mr. Van Horne: Hear, hear. That is very true.

The Chairman: Shall item 196 carry?

Item agreed to.

DEPARTMENT OF FINANCE

General administration—

116. Departmental administration, $2,035,230.

Mr. Harris: Mr. Chairman, there have been several occasions during this session on which I have promised to say something about fiscal and monetary policies. I propose to do so very briefly at the moment.

The fiscal and monetary policies of Canada are intended, among other things, to encourage the sustained growth of our economy within the framework of a stable, over-all price level. With steady economic growth we can support a rapidly-growing population and a steady increase in standards of living. I think it will be agreed that in the years that have passed since the end of the war in Korea this objective of sustained growth, stable prices and higher standards of living has been reasonably well achieved.

We all know, of course, that there are various external and internal forces that may from time to time prevent the stable growth of the economy. For example, Canada cannot enjoy steady growth and high employment if powerful adverse factors restrict or limit the markets for our products at home or abroad. Nor can we maintain stable prices if world price levels are being subjected to great fluctuations, as was the case during the Korean war and, of course, in all other wars. Having said all this, it still remains true that proper monetary and fiscal policies can exert an important stabilizing influence on the economy.

I turn now to consider the special economic circumstances that have had to be taken into account in formulating fiscal and monetary policies so far during 1956. Hon. members will recall that in my budget address four months ago I suggested that 1956 would be

another year of substantial economic progress. However, I pointed out that the high level of business activity that was anticipated for 1956 would probably exert considerable pressure on the available supplies of materials, manpower and other economic resources, and that it was, therefore, desirable that the spending policies of everyone should emphasize restraint and prudence. Only in this way would it be possible to avoid inflation or other distortion that might otherwise develop.

As one looks around the country today it is apparent that most of our industries are even busier than was anticipated earlier this year. The statistics confirm this observation, but I need not go into details as they have been discussed by my colleague, the Minister of Trade and Commerce. I should refer, however, to the latest survey suggesting investment outlays of about $8 billion. This level of capital investment, if it is achieved, would be 28 per cent above last year's. This gives one some idea of the momentum which is behind the present expansion of the economy.

I need hardly say that the steady year-by-year increase in the physical plant and equipment of Canada is the thing which more than anything else is making possible the growth in the productivity of our economy. As such it is providing for the steady increase in the welfare of the Canadian people and is therefore something to be welcomed by all of us.

However, this enormous increase in investment planned for 1956 must take place at a time when our export industries are producing more, at a time when the industries which produce goods and services for the consumer are also producing more, and at a time when employment is already at a high level. It is very doubtful therefore whether we have in Canada the plant, the raw materials and the manpower to achieve such a heavy increase in capital investment in full, along with the expected increase in exports, consumer goods and services and all the other things that are needed.

This huge scale of investment in plant and equipment is also reflected in the very high level of imports, and in the large inflow of non-resident money which in effect is financing the import surplus.

I think I have said enough to indicate that in my view there is some danger that, in the months immediately ahead of us, the total rate of spending will tend to run ahead of the ability of the economy to produce more goods and services quickly enough. This means that some additional investment which is being planned today simply will not be fully realized because of the physical limitations already mentioned.

In these circumstances, what kind of fiscal and monetary policies are appropriate? In the first place I would say that government policies should not contribute unnecessarily to the increased demand for goods and services. With this in mind, and anticipating that 1956 would be a year of heavy private and industrial spending, government expenditures were carefully scrutinized before the estimates were brought down early in 1956. In particular, the capital programs of the various departments were reduced to the essential requirements.

So far as the monetary situation is concerned, the increase in the demand for credit has been the outstanding feature of the last 15 months. Money has been in demand for many purposes but especially to finance new business investment in plant, equipment and inventories, and the increased use of consumer credit. Evidence of this can be found in the tremendous increase of the chartered banks' loans. The total of their general business and personal loans outstanding, after remaining relatively stable through 1954 and the first quarter of 1955 at about $3¼ billion, has risen continuously since then, and at its present level of $4½ billion is 39 per cent higher than it was 16 months ago.

Of course, the availability of funds has also been growing. Larger amounts are being saved out of our larger national income, more funds have been raised through new security issues and more capital has flowed into Canada from abroad. However, the increases in the supply of loanable funds has not kept pace with the increase in the demand for them. Consequently, interest rates have risen.

This growth in the demand for loanable funds is the fundamental explanation of rising interest rates and the increasing tightness of money over the last year or so. That is the real explanation of why it is more difficult and more expensive today for all borrowers to obtain the capital they need. This means, of course, that the tremendous rate of development of our economy calls for the encouragement of the maximum rate of saving in Canada. In this connection I am announcing today the terms of the forthcoming issue of Canada Savings Bonds, which will include an increased return to investors.

Of course it would have been possible for the Bank of Canada to facilitate such an expansion of credit that all these demands for money could have been satisfied without any increase in interest rates. However, if this had been done there would then have been

too much money competing for the available goods, and inflationary price increases would have followed. What the Bank of Canada has been doing has been to moderate the rate of increase in the expansion of credit, so as to keep it in a reasonable relationship with the growth of production. This helps to prevent the present condition of expanding production from spilling over into one of speculation, inflation and instability.

The government is satisfied, and I believe that the vast majority of informed observers are satisfied, that under the economic conditions of the past 12 months it was desirable to moderate the rate of monetary expansion. I know of no responsible person who argues openly for inflation as a solution to the problem of excess demand.

I need hardly say that a condition of "tight money" performs a very important function in our kind of economic system in present circumstances. That is because it compels the borrowers and the lenders of money to review their plans and, if necessary, to revise them. This helps to ensure that the aggregate of all spending plans is consistent with the aggregate production that is physically possible.

The demand for funds for different economic purposes will naturally change from time to time. Similarly, the view of lending institutions as to where they want to invest their resources will also change as economic conditions change. Such changes are necessary and desirable in a changing economy. However, one consequence is that no specific group of borrowers can expect to be provided with a continually growing supply of funds regardless of developments in the other parts of the economy.

Yesterday I was asked about the bank rate. In establishing the level of its bank rate, the Bank of Canada must have regard for the level of interest rates generally as they are determined from day to day in the bond-market. The federal government has a number of separate issues of bonds outstanding in the market and the market price and yield on each issue has some bearing on the appropriate level of bank rate. Attention is often focussed on the yield of treasury bills because this is the shortest term government security outstanding and its yield is well publicized each week through publication of the rate at which the weekly tender issue has been allotted. However, the yield on the 91-day treasury bills is only one factor in the general market pattern of interest rates and the degree of movement in the various government issues is usually by no means uniform. In recent weeks short-term bond yields have risen somewhat more than the yield on treasury bills.

Perhaps I can summarize what I have been saying in a few sentences. First, 1956 looks like being the most prosperous year in our history for most of our industries and most of our people. The principal risk that we face—and it is one which we share with a number of other countries—is that the spirit of optimism that exists today may give rise to efforts to spend more on goods and services than the economy is physically capable of producing. If this should happen, distortions in prices and production would result, and the steady expansion of the whole economy might be jeopardized.

The growth in the demand for capital is reflected in higher rates of interest and greater difficulty in borrowing funds of one kind or another. This, of course, is part of the self-correcting process which helps keep our economy on an even keel. It is better to have rising rates of interest, if necessary, than sky-rocketing prices.

It is right and proper that our fiscal system at this juncture should emphasize additional restraint in public spending wherever possible. It is equally appropriate that monetary policy should assist by exerting a moderating influence on the expansion of credit.

With proper fiscal and monetary policies and with reasonable self-disciplines on the part of all of us, there is no reason why our economic progress should not continue in line with the growth in our external markets.

Mr. Fleming: The estimates of the Department of Finance, Mr. Chairman, require a special word of comment at the outset because of their very large bulk. The estimates of this department this year total the tremendous sum of $979,412,104. It is well to remember however, that of this large total $940,369,028 are statutory items, the largest being interest to be paid upon Dominion of Canada bonds. The amount actually to be voted, in other words, the sum that this committee of supply is dealing with this afternoon, is $39,043,076. In that sum there are two substantial items, the grant to universities of $7,986,000 and the grants to municipalities of $7,065,500. The bulk of the remaining estimates is composed of salaries and wages.

Ordinarily a review of the estimates of this department does provide an opportunity for a wide review of such questions as fiscal relations between the federal and provincial jurisdictions, monetary policy, and indeed broad economic questions on which it is sometimes hard to define limits. However, we had in this house quite recently an extensive debate on federal-provincial fiscal relations and I have no intention of entering that field again today. The views of Her

Majesty's loyal opposition were completely set forth in the speeches made at the various stages of the measure that was then under debate.

There is, however, one question in regard to policy which does call at this time for special discussion in this house. The subject itself has become rather broader by reason of some of the remarks that have been made by the Minister of Finance and by the Prime Minister yesterday. The question arose, of course, out of measures that have been taken to restrict credit, and in particular to raise the interest rate of the Bank of Canada. In view of the turn the discussion has taken, particularly in the light of the answers given in this house to questions by the Minister of Finance and the Prime Minister, what we now have brought into question is the relationship between the government on the one hand and the Bank of Canada on the other, and also the relationship between the Bank of Canada on the one hand and this parliament on the other.

Without going back over all the answers that the Minister of Finance has given, both yesterday and on previous occasions about two months ago, I wish to say in all earnestness to the Minister of Finance that his answers have been evasive. I urge on him that, having regard to the responsibilities that he holds and the importance of the subjects to which the questions were directed, questions that affect all the people of this country, and questions that touch the prosperity and well-being of the country, I think his answers ought to have been much more direct.

Now, sir, the Prime Minister answered some questions yesterday in a way that I think startled hon. members of this house. At page 7352 of yesterday's *Hansard* the Prime Minister said:

> The Prime Minister will not undertake to have parliament or the members of the opposition act as a court of appeal from the decision made by the governor of the Bank of Canada—

Mr. St. Laurent (Quebec East): Will the hon. gentleman complete the answer I gave?

Mr. Fleming: Yes. There was an interjection and then the Prime Minister continued:

> —unless and until parliament amends the act which now governs the Bank of Canada.

The Prime Minister also indicated there is no intention on the part of the government to introduce any such amendment. Therefore, as things now stand—and that is what we are talking about—the Prime Minister has said that as the law stands today he is not going to have parliament, or members of the opposition, act as a court of appeal from the decision of the governor of the Bank of Canada. It was superfluous for the Prime Minister to say he was not going to have members of the opposition act in that capacity, because it has been made quite clear during this session that in the view of the Prime Minister the opposition has a very limited function; but I do take up the statement that the Prime Minister made that, in effect, as the law now stands parliament has no right to act as a court of appeal from a decision of the Bank of Canada.

Mr. St. Laurent (Quebec East): Unless and until the act is changed.

Mr. Fleming: We are saying, as the law now stands. I submit, Mr. Chairman, this is far from being a parliamentary doctrine; I think it is an enunciation of an anti-parliamentary doctrine. This parliament, surely, is a court of appeal with respect to any matter, any problem, that lies within the whole scope of federal jurisdiction in this country. Any problem that arises surely ought to be able to find its way for discussion at some time or another on to the floor of the House of Commons. And for my part, Mr. Chairman, I reject completely the doctrine that the Prime Minister enunciated yesterday that parliament has no right to sit as a court of appeal when objection is taken to the exercise by the Bank of Canada of its powers in any particular way. If Canadians feel that those powers have been exercised in any way that they disapprove of, then, surely, this parliament is the forum before which they ought to be able to bring their complaints. That is the view that we of Her Majesty's loyal opposition take. We repel, we reject, the doctrine enunciated by the Prime Minister in this regard.

Now, sir, a question has arisen very directly as to the extent to which the government has participated in, or bears any responsibility for, the decision made by the Bank of Canada with respect to increases in the interest rate. In this respect, I think the Minister of Finance has been hiding behind a smokescreen of his own creation. He admits that he takes advice from the bank, he admits that he is made aware in advance of the course the bank takes. He said yesterday at page 7351 of *Hansard*, concerning the last increase by the Bank of Canada in the interest rate:

> I was advised of this course before it was taken.

But then, having said that, the minister asks the house, in effect, to believe that he has no responsibility for what the bank does. Now, Mr. Chairman, he said on the same page yesterday:

> This action is the action of the governor of the bank and his responsibility alone.

If that is true at all, Mr. Chairman, it is true only in the narrowest and most technical sense. The minister has a very direct responsibility because the action taken by the Bank of Canada in this respect surely has a direct influence on the whole field of action and on the whole field of responsibility of the government in relation to fiscal matters.

Take the situation in England. One does not find there the chancellor of the exchequer withdrawing himself from this issue when the Bank of England takes steps to raise the interest rate. You do not find him saying: I have no responsibility for this; this is the action of the Bank of England. It happens to be a bank whose stock is fully owned by the government, but do not hold the government responsible. You do not have the government there taking an irresponsible attitude of that kind.

Now, sir, it may originally have been intended, when the Bank of Canada was established in this country, that it should have some measure of independence of direct government fiscal action. Under the original set-up of the bank one-half of the bank stock was held in small lots by the public and one-half was held by the government. After the King government came into office in 1935 it took steps to expropriate the half of the issue of stock of the bank which was held in the hands of the public, and from that time on the government has owned all of the stock of the Bank of Canada.

I say, sir, that the government cannot shed its responsibility for full fiscal policy in the broadest sense of the word, and that must include the actions of the Bank of Canada, even when, in a technical sense, those actions are taken by the governor of the Bank of Canada in the exercise of the powers conferred upon him by the Bank of Canada Act. We ask the Minister of Finance now to say, and to say for the first time, because he has not said it yet, did not say it in his speech today, and has not said it at any time yet, whether he approves the actions taken by the Bank of Canada in those various stages, both with respect to the rate of interest and also with respect to restriction of credit in other forms. Let him say whether he did approve of those actions before they were taken by the Bank of Canada.

Now, sir, let me come specifically to these actions because I wish to be fair about this. I am not overlooking the realities of the situation, the dangers that exist or the responsibilities that are carried by those who sit opposite. The first series of actions taken by the Bank of Canada that I wish to speak of was to make changes in the interest rate. There have been actually six changes made in the interest rate by the Bank of Canada in the past year and a half. The first was taken on February 1, 1955. At that time the bank lowered the interest rate from 2 per cent to 1½ per cent. On August 5, 1955 the bank reversed that policy and raised the interest rate from 1½ per cent to 2 per cent. It followed this again on October 12 with a second increase, this time from 2 per cent to 2¼ per cent. On November 18 it raised the rate from 2¼ per cent to 2¾ per cent. On April 4 of this year it introduced the fourth increase, this time from 2¾ per cent to 3 per cent—a record—and then this latest increase on August 9 from 3 to 3¼ per cent.

The inevitable effect of these actions has been that money becomes costly and every time an action of this kind is taken by the government with the consequent increase in interest it means the loss by bondholders of thousands—yes, and oftentimes millions—of dollars in the market value of their bonds, including the bond obligations issued by this government.

Every action of this kind has a disturbing effect. Whatever may be said about the case for taking such an action it cannot be denied that every time an action like this is taken it has a disturbing effect upon the financial market and upon public confidence.

Mr. Harris: It also has reassuring effect.

Mr. Fleming: I have not yet argued the whole case with regard to this matter but I do wish to stress that every one of these actions has a disturbing effect of this nature.

The second type of action taken by the Bank of Canada was that it required the chartered banks to increase their ratio of liquid assets to a minimum of 15 per cent.

The Bank of Canada in its report for the year 1955 states at page 16:

> After discussion, the banks have agreed to work to achieve by May 31, 1956, a minimum liquid asset ratio of 15 per cent which they will endeavour to maintain on a daily average basis from June on.

The effect of that increase in the minimum ratio of liquid assets of the chartered banks was, of course, to restrict commercial credit. In the course of conferences and communications between the Bank of Canada and the chartered banks the chartered banks were asked to curtail commercial loans. We had evidence to that effect from Mr. Nicks, the president of the Canadian Bankers Association, before the banking and commerce committee a week ago yesterday. The chartered banks complied with that request from the Bank of Canada. The result has been a severe curtailment of credit on the part of the banks.

Now, why has this course of action been taken? Why has this result been risked by the Bank of Canada and by the government? We have not yet been given a very clear answer to that question even after waiting until today for the statement of the Minister of Finance. Was this done because of the fear or the threat of inflation? The Minister of Finance is very chary about the use of that word "inflation". I commented on this when speaking in the budget debate on March 27 last that the Minister of Finance in his budget speech had found himself very unwilling to mention the word "inflation".

The government has not yet told us that this action has been taken because of the existence of inflationary forces. The minister's statement today was anything but lucid on that point. The government knows the reason, but the minister has not chosen to make the reason clear to the house. At least the Prime Minister stated yesterday that the reason had been disclosed to the government. He said as reported at page 7352 of *Hansard*:

> . . . I can assure the hon. gentleman that the matter received very serious consideration . . .

That was on the part of the government and we were told that the government knew the reason. Well, it certainly has not been made clear here.

Mr. Chairman, if one looks at what the Bank of Canada had to say in announcing on August 9 the reason for this fifth increase in the interest rate in the past year, one finds the reason put down by the bank was quite different from that to be drawn with some difficulty from the statement made by the minister today. The Canadian press dispatch which appeared following the announcement of the increase contains these words:

> A government official said the increase reflects the fact that interest rates both in Canada and the United States are climbing. The increase was in line with this trend.

We are not told the identity of this mysterious government official who made the statement, but the statement he made certainly was not confirmed by the minister today. It would have been an understandable reason to give because admittedly interest rates have risen both in the United States and Great Britain. As a matter of fact, interest rates have been raised in Great Britain to record heights. Hon. members will recall that in February the interest rate was raised to 5½ per cent. The reason plainly given at that time for the increase was that it was taken to curb extravagant spending and to meet the trend of inflation, and it was recognized that it would probably mean a rate of 6½ per cent on bank commercial loans. However, we are not given frank statements of that kind here.

The minister has carefully skirted this question. While we may regret that we have not been given clear statements by the minister in this regard I am going to assume for the purpose of a few comments that there is in the mind of the Bank of Canada and in the mind of the minister a fear of inflation. I do not believe for one minute that the Bank of Canada would act in a vacuum. We all have respect for the governor of the Bank of Canada, Mr. J. E. Coyne; he is a very serious man who takes a conscientious and grave view of his responsibilities.

The bank must have had some reason for this action. The reason given by the government official who was the spokesman on the occasion of the increase was that interest rates here should rise because they had risen in the United States and Great Britain. If the minister would state the problem and tell us specifically how he relates the various steps that have been proposed either by himself or the Bank of Canada or both, we would have an opportunity then of relating those steps and judging the efficacy of them in relation to the problem that the minister recognizes and presumably is trying to cope with, but he does not do that.

Let me say this about inflation, sir. We of Her Majesty's loyal opposition look upon inflation as a peril to be avoided at all times. We have not forgotten the ugly results of the period of postwar runaway inflation, particularly in the period after the outbreak of hostilities in Korea. We then had to plead in this house because of the effect it had on those on fixed incomes, pensioners and others and the disturbance of the economy in every sector which came about by reason of runaway inflation.

The difficulty with the kind of measures the government has taken here is that they have an indiscriminative effect. The president of the Royal Bank of Canada, Mr. James Muir, made an interesting comment in a speech early this year in relation to the type of policy of credit restriction which is reflected in these increases in the Bank of Canada rate. He said:

> Experience shows that monetary policy is more effective against inflation than against deflation. But there are dangers. As I have already pointed out, the policy may go too far. It may also be unselective, curbing healthy as well as unhealthy or excessive bank credit.

The great difficulty about the kind of government action which has been taken here is that it has an indiscriminate application.

In the language of Mr. Muir, it has been "unselective, curbing healthy as well as unhealthy or excessive bank credit". Look at its effect on housing. The restriction of credit with respect to housing applied across the board, and I think it may fairly be said that its effects are being felt most by those engaged in the construction of small homes. There has not been any attempt to work out any policy of restriction of credit on a selective basis in order to provide needed credit for those engaged in the construction of small homes. Let some of the luxury apartment construction wait for a while, in favour of small houses, but no, this kind of policy of credit restriction has been applied indiscriminately.

Similarly in connection with commercial credit the generality of the application of this restrictive policy has denied business expansion in quarters where the expansion of business, had it been permitted, would have been an antidote to the inflationary forces which the minister sees at work.

When one is looking for evidence of inflation one normally turns to the cost of living. Thank goodness the statistics we have in relation to the consumer price index are somewhat reassuring in this respect, because, looking at page 24 of the July issue of the Canadian statistical review published by the dominion bureau of statistics, we see that in June, the last month available, the index stood at 117·8, which is a trifle higher than it has been but which compares, for instance, with August, 1954, when it stood at 117·0.

Mr. Sinclair: Good management by the Liberal government.

Mr. Fleming: No, it is not good management by the Liberal government. That is a silly intrusion by the Minister of Fisheries, who will never leave it to his colleagues but who has to air his own views on other departments. It is not good management, unless it is good management to have the kind of situation arise that has resulted in the government apparently taking steps to restrict credit for many people who have justifiable claims for credit. The government takes all credit but—

Mr. Sinclair: The Liberal government—

Mr. Fleming: If the minister would just restrain his volubility, perhaps he had better wait his turn. If he is going to insist on talking and using up my time I shall be obliged to ask you to give me additional time, Mr. Chairman.

The food index for June stands at 112·5 which compares with 113·7 for September, 1955 and September, 1954 figure of 113·8. Shelter for June this year was 132·6, which is higher, having slowly come up somewhat rather steadily of late. Clothing has been quite constant. Other commodities and services stand at 120·6 for June, which is slightly higher than it was a year ago.

I think the figures on consumer purchasing are indicative of the steady rise in credit over a long period. I do not propose to put too many of these figures before the committee, but in the statistical summary of the Bank of Canada for 1955 we find at page 59 a record of the steady increase in consumer credit in this country, starting in 1948. Charge accounts in 1948 stood at $166 million, rising to $374 million by December 31, 1955. Retail dealers' instalment credit started at $81 million in 1948 and rose to $377 million at the end of 1955. Instalment credit through finance and loan companies started at $52 million in 1948 and rose steadily to $601 million at the end of 1955. Cash personal loans started in that period at $238 million and at the end of 1955 had risen to $830 million. The total of selected items in 1948 was $537 million, but at the end of 1955 had risen to $2,182 million. There has been a steady increase in consumer credit in this country, but there is no indication that this was a factor which led the government or the Bank of Canada into taking this action.

The July statistical review issued by the dominion bureau of statistics shows that in the last four years retail sales have increased rapidly, but the proportion of credit sales to the total has not risen. I do not wish to delay the committee unduly on this point, but I say that the figures show that cash sales have risen in amount but not in percentage of total sales, and that while credit sales have risen in amount, they have not risen in percentage of total retail sales.

If it is the threat of inflation which has led the government and the Bank of Canada to this series of actions then I suggest that there are responsibilities falling directly upon the government. Let the government begin at home. Let the government clean its own house. Let it look at its own swollen expenditures which represent one of the biggest and strongest inflationary factors in our economy today. At one point the minister almost admitted that. If the government would look around for ways and means of restraining inflationary factors I submit that it first ought to pluck the beam out of its own eye.

Hon. members should not forget that inflationary factors oftentimes have the subtle support of and exercise a siren attraction upon ministers of finance because the government always shares through the tax

impositions in the benefits of inflation, through swollen returns of income tax, corporation tax, sales tax and other impositions.

The effect of these repeated increases in interest rates, five in a period of one year, has been a tremendous increase in the burdens cast upon provincial governments with respect to their borrowings and upon municipal governments with respect to their borrowings, and upon business, and punishing losses upon the holders of Canada's obligations. What the government should be directing its efforts toward in facing the threat of inflation is to seek an increase in productivity.

The Deputy Chairman: I am sorry to interrupt the hon. gentleman but it is my duty to inform him that his time has expired.

Mr. Fleming: I had reached the last sentence.

Mr. McCann: Go ahead.

The Deputy Chairman: With the consent of the committee the hon. member may continue.

Mr. Blackmore: I should like to hear the hon. member finish.

Some hon. Members: Agreed.

Mr. Fleming: This is my last sentence. I think that a good deal of the solution lies within the power of the government. On the one hand we have the government lauding the boom and asking political support because they claim we have a buoyant economy with expanding revenues, and on the other hand we have the government taking steps which look as though they were trying to apply the brakes and put a check on the very things for which they are claiming political credit. Let them stop applying conflicting and contradictory policies.

Mr. Cameron (Nanaimo): The hon. member for Eglinton has taken the Minister of Finance to task for not having said in so many words in his statement that he approved of this increase in the interest rate by the Bank of Canada. The mystery seems to be whether the hon. member for Eglinton approves it or not because he has not told us. I must point out, however, that the change in the Bank of Canada rate is to a very large extent hardly more than an indicator, not having any really direct effect in the way of raising interest rates in other fields, as can be seen from the statistics published by the Bank of Canada in this financial supplement for 1955, in which you see that the highest amount of loans from the Bank of Canada to the chartered banks was $15 million and that by the end of the year that was only $2 million.

The hon. member for Eglinton quoted some government officials as saying that this change in the Bank of Canada's rate was merely a reflection of changes in other places, and I think that is true. Much more effective are other actions of the Bank of Canada, and those are the actions that were outlined to us by the governor when he appeared before the banking and commerce committee, in which he told us of the agreement which had been reached with the chartered banks to achieve a certain ratio of liquidity in their assets which they were hopeful of being able to achieve shortly after the agreement was reached, and the other perhaps less formal agreement to curtail term loans from the chartered banks.

That there is a necessity for curbing in some way some of the tendencies in our economy at the present time I think will be revealed clearly by the figures issued by the Bank of Canada, figures which the hon. member for Eglinton put on the record of the banking and commerce committee last week.

Mr. Fleming: Those are the same ones to which I referred this afternoon.

Mr. Cameron (Nanaimo): Yes. They clearly indicate the necessity for some sort of action, whether or not one agrees with the action taken or whether or not one agrees it is an effective action. The increase in the consumer credit from March 31, 1954, to March 31, 1956, shows that the trend is accelerated. From March 1954 to March 1955 there was an increase of $109 million, but in the next year, March 1955 to March 1956, there was an increase in certain selected items, as they were called, of $352 million. When we compare that with the figures for increase in labour income for approximately the same period, we can see that there is something very dangerous in our economy.

I am sorry that I have not been able to compare it with the same dates, but the statistics do not allow that. From May 1955, from $637 million of labour income, the increase to May this year was only to $676 million, some $39 million. Those two sets of figures compared show that at least in one sector of our economy we are entering very dangerous grounds, but perhaps more dangerous still is the field to which the minister made reference in his remarks earlier this afternoon. That is the field of general bank credit issued in those periods.

I see from the Bank of Canada's report that the total of bank loans in January 1954 was $4,096 million, and in January 1955 there

was actually less, $4,050 million, whereas from January 1955 to January 1956 there was a climb to $4,884 million, or an increase of $834 million, some 20 per cent. When we take the increases after that period, for the rest of this year, we see them climbing even more rapidly, so I think there is perfectly plain evidence that some action ought to be taken by the financial and monetary authorities of this country.

I agree with the hon. member for Eglinton that there are certain weaknesses in the method used. I am not sure that other methods could have been used, but certainly those that have been used have been inevitably used in an indiscriminatory manner so that we have the general curtailment of credit all across the field. Where in many instances it might be certainly to our social advantage to have it curtailed, there may be other areas in which it may not well have been increased. That, of course, is the inevitable result of the set-up of our financial institutions in Canada.

There is, of course, another method that the Bank of Canada uses on occasion to attempt to curb such a period as we appear to be going into. Mr. Coyne told us in the banking and commerce committee that it was, by and large, the most effective method, apart from consultation with the chartered banks; and that is, of course, the method of open market operations. However, he denied the suggestion of some of us on the committee that there was inevitable conflict in the purposes of the bank in open market operations, a conflict between the aim of curtailing inflation and reducing total money supply and the position of government bonds, that that conflict was always there and largely hamstrings the bank when it attempts to deal with the situation by that method.

I would suggest that sooner or later in Canada we are going to have to take some very drastic steps with regard to the channeling of investment in this country. We have all observed the attempts by the government to channel investment into the fields that they think are socially and economically desirable. We have seen the rather desperate efforts to channel it into housing and the various roadblocks they have met in different places, because in the last analysis this government and this parliament has no control over the fields of investment in which those who have control of pools of capital place their funds.

I suggest that the step that was taken—and, I gather, rather deplored by the hon. member for Eglinton—with regard to the Bank of Canada is a step which eventually they are going to have to take with regard to the whole of the banking system of Canada. We cannot any more say that it is feasible to operate the central bank on a part publicly owned and a part privately owned basis. Sooner or later we are going to have to face the facts that the chartered banks and the central bank are parts of one integrated monetary and financial system and that they also must be placed under one control and under one policy. It is useless charging the chartered banks, as I have heard them charged in recent days, with failing in their social duty, because they also have a conflict in duties. When I hear members, as I have heard them, charging the chartered banks with having failed dismally in entering into the necessary field of consumer credit, I am rather astonished, because those same hon. members would be the very first to object were it proposed that the public authority should tell some of the privately owned institutions what particular business it should engage in, which particular line it should drop and which particular line it should continue.

We can only expect that those who are responsible to shareholders of private institutions, such as the chartered banks, are bound—in fact, it is their duty—to maximize as well as possible the returns to the shareholders of those institutions.

I suggest that we are going to have these conflicts, we are going to have these rather ineffective attempts to control inflation in our economy, so long as we have this rather anomalous situation of an important, perhaps the most important, part of our monetary system and our financial institutions, held in private hands by people whose interests are bound inevitably on occasion to conflict with the public interest. But I for one am very glad that the Bank of Canada has taken this action. I am doubtful as to whether it will be very effective, but it certainly is a warning to the country of the great dangers that lie ahead, a warning that we all ought to heed very carefully. Whilst these increases in total bank loans may not yet, as the hon. member for Eglinton pointed out, have caused any increase in the cost of living, by the time they are realized in investment we may very well be facing a very severe rise in the cost of living and very dangerous inflationary tendencies.

My complaint would be that the Bank of Canada delayed too long in this action and allowed the situation to get too far out of hand before attempting to curb it.

Mr. Blackmore: Mr. Chairman, we Social Creditors are not desirous of participating in the discussion of this particular item until we have heard what the other members

have to say. I think there are some other hon. members who desire to speak.

Mr. White (Middlesex East): Before we go on with the other items, there are one or two things I should like to draw to the attention of the minister. Each time there has been an increase in the central bank rate of interest the accompanying news item in the paper always says this is done to prevent inflation. I suggest that you cannot prevent a disease which you already have. Inflation has gone on to such an extent that our dollar of 1900 is now worth 12½ cents. We are therefore starting rather late in the day to prevent inflation that has now reduced our dollar to that extent.

I do not want to go very deeply into the question today, in view of the rush of business, but I want to bring to the attention of the Minister of Finance some remarks made earlier this session dealing with the five day 40-hour week for employees in veterans hospitals across Canada.

As reported at page 5863 of *Hansard*, he indicated that he expected to deal with the matter on his estimates. So before he has sealed up the thing entirely I want to have him give it the thorough consideration that he should before making a final decision. I know that governments are prone to refuse to review a decision once they have made it and it has become public. Then as reported at page 7072 of *Hansard* of August 6 the Minister of Justice had this to say, when he was dealing with the pay and pension rates of the mounted police, in replying to some questions asked by the hon. member for Prince Albert. Speaking to the hon. member for Prince Albert he said:

> Should he become a member of the government with a government member's responsibility, he would realize then if he does not realize now that you cannot pick and choose in your treatment of those who are paid with taxpayers' money.

In other words he could not discriminate. When you come to veterans hospitals—

Mr. Harris: Mr. Chairman, what has this to do with finance?

Mr. White (Middlesex East): It has this to do with finance; as reported at page 5863 of *Hansard* you stated that you would deal with the matter. That is what it has to do with it.

Mr. Fleming: On his estimates.

Mr. White (Middlesex East): Yes; on your estimates. I am leaving it right on your doorstep. If the department want to deal with the employees of veterans hospitals in a way that is different from what the Minister of Justice said they must do with those who are paid by taxpayers' money in the R.C.M.P.,

[Mr. Blackmore.]

that is their mistake. I am pointing out this inconsistency to them, and I hope they will act accordingly.

Mr. Montgomery: Mr. Chairman, the other evening, on the discussion of the tariff, the matter of potatoes came up but I was unavoidably absent at the time. At the same time, in reply to a question asked recently, the Minister of Finance indicated that he would be making a statement on his estimates. I presume that I am not out of order in speaking to that matter now. I do not want to take very much of the time of the house, but I should like to refer to the statement made by the minister the other evening as reported at page 7017 of *Hansard*, because I think it can be misleading.

In discussing the question of the consideration of the Canadian potato growers in this application first, I think, to his department, concerning protection against potatoes, and second in their petitions to the tariff board, the minister said:

> This request of the Canadian potato growers' association was simply that they might have access to the United States without paying anything whatever for the concession under the general agreement on tariffs and trade.

I do not think that is just the interpretation or at least that—

Mr. Harris: Mr. Chairman, may I interrupt my hon. friend by saying that he will find there was a specific question asked—I think it was by the hon. member for Kamloops—at which time I attempted to correct to some extent the incorrect impression that someone might have received from what I said at the time. I think both the hon. member for Victoria-Carleton and the hon. member for Kamloops as well as myself fully understand the position of the potato growers and their representations.

Mr. Montgomery: Not according to this statement, Mr. Chairman, in answer to the hon. member who interrupted at that time.

An hon. Member: The hon. member for Kamloops.

Mr. Montgomery: If I read it correctly, what the minister said was this:

> Yes, that was precisely the presentation they made to the tariff board.

According to the tariff board report, this is what they say; it is a summary:

> The request was for the deletion of the provision for free entry of seed potatoes and for the application on a year round basis of the seasonal duty of 37½ cents per hundredweight . . .

Which at present applies only to the period—

Mr. Harris: Put in the condition they attached to that.

Mr. Montgomery: That is the end of the paragraph.

Mr. Harris: They attached a condition to it, namely that the tariff for the admission of potatoes into the United States would not be altered. That was the point I was trying to make. That is the crux of the problem.

Mr. Montgomery: According to the New Brunswick brief the situation is this; and I think the growers in New Brunswick, possibly even more so than those on the island, are in an awkward position because we have to move our potatoes by rail, and freight rates are not quite so favourable there. Also owing to the fact that, from the point of view of the return from a cash crop, we produce close to 20 per cent of all the potatoes grown in Canada, I think these people down there understand the situation fairly well.

As I understand it, their requests may be a little bit different, and I think possibly this is what the minister was referring to. They first said, "We would be quite willing to have no duty at all, to have free passage back and forward across the international boundary". I am sure they feel that would be the best way. Nevertheless they realize that such a thing could only be brought about by negotiation and by this government being able to convince the United States government that their potato industry would not be injured in any particular manner. In other words it would be the United States government that would have to take off their duty.

Realizing that this would be possibly quite difficult to bring about, at least without some bargaining method, their second and strongest recommendation up to the present was that until such time as the situation expressed in No. 1, to which I have just referred, was brought about, there should be a countervailing duty of 37½ cents at all times on potatoes entering Canada from the United States.

The point is this, that when the minister's statement is read by our potato growers they are going to take a far different view of it than perhaps the minister intended. I am not going to go into this in detail at all because I do not want to delay the house. I do not think I can be accused of delaying these estimates, and I do not want to be guilty of that at this stage. The minister did make a statement at page 7108 of *Hansard,* and I do not want to repeat the whole of it. There is this line:

However, there may be other means whereby we can meet the requests of the potato producers at least to some extent.

The minister has said it would not be possible to induce the United States government to change its tariff in accordance with the wishes of the potato growers, and I would say he meant in accordance with the wishes expressed in paragraph 1 of the New Brunswick submission. Since the minister made no statement today, and possibly intended that to be a statement in answer to my question the other day, I am wondering if he will not enlighten the house and the people across Canada who are interested in producing potatoes as to just what the government had in mind when he made the statement that there may be other means whereby the requests of the potato growers could be met.

The minister went on a few lines later to say that this matter is not very pressing though it may be on future occasions. Let me be very fair about it. I think that conveys to the potato growers of this country that they are not getting the consideration they feel they should be getting. If the minister had not qualified that statement the farmers would have been led to believe there was something being considered and an announcement might have been made before September 1, when the crop commences to move. If there is any announcement the minister can make I should like him to tell us what is being considered, so the growers will know before they start moving their crops.

Last year, for instance, the crop commenced to move in September, and farmer after farmer was forced to sell when the market was lowest in order to get money. Many of them had to sell at half the cost of production. During the first four months of the movement they were trying to get negotiations under way with the Department of Agriculture because they thought that was the proper department to approach in order to get some sort of program that would give some stability to the crop. When that did come the program did give some stability, though it came far too late for many producers who took heavy losses. Nevertheless the program not only stabilized the market, but from that time on the market commenced to go up.

There is one more thing the tariff board report does not mention. I do not know whether or not it was in the presentation, but it does affect the economy of the potato producer. Until last year Canada grade 1 potatoes measured two inches. This was changed in order to meet the competition from across the border. The state of Maine, one state in the United States, raised the size of their grade 1 potato; and according to federal law when

any state took such action affecting the grade of potatoes it became effective in all states, so we were obliged to do something to keep the smaller sized potatoes, which would be considered culls by our potato growers, from going into the market as Canada grade 1.

I do not think there is too much criticism of that change, but remember when that action was taken our farmers then faced a larger number of culls. It is true that a potato anywhere from an inch and a half to two inches is a good table potato, but it is not accepted as Canada grade 1. This means that if a farmer has a large crop of potatoes, in some yields he gets a good many that are under two and a half inches and which are good eating potatoes, but he cannot market them as Canada grade 1. He must feed them to his stock or turn them over to a starch factory if there is one within an economic distance from him.

All these things affect the farmers position. The cost of machinery and the capital outlay to raise a crop of potatoes will be just as great if a lot of them are culls as it will be if a greater number of them are Canada grade 1. I think it is as the result of a lot of things like this that the matter is pressing, and I think the potato growers are entitled to know what the government has in mind.

There is something else that has affected us down east which does not affect some of the provinces, and that is the freight rate change. You may be surprised to know—

Mr. Harris: Not on my estimates, please.

Mr. Montgomery: I do not want to be out of order, Mr. Chairman, but this is all tied in with the potato economy. I would have taken it up if the minister had not said he was going to deal with it on his estimates. I do not want to infringe, but I do think I am entitled to say one thing about the statement made by the hon. member for Ottawa East the other evening.

I am sure he does not understand the situation. His statement is in *Hansard*, and I am only going to take a minute to deal with it. He said that someone should speak up for the consumers, and he mentioned paying $8 or $9 a bag, I presume a 75-pound bag, for potatoes. I should like to tell the hon. member, the members of the house and the consumers of this city and other cities, that when they pay that price, if they do, it is not for very long. If he did pay that price, I will venture the guess that he was buying United States potatoes. If those potatoes were grown in New Brunswick the producer would not be getting 7 cents or 8 cents a pound, and according to him he was paying 10 cents a pound in Ottawa.

[Mr. Montgomery.]

I want to make this statement, and it has been made before; that commercial potatoes cannot be grown—there are potato growers in this house and if they are from New Brunswick they will agree with me—even under the most efficient conditions for less than 1 cent a pound. During the first three months of last fall our farmers were receiving half a cent a pound. I should like to say that on June 7 of this year potatoes were being landed in Ottawa from New Brunswick at a wholesale price of 5 cents a pound. I cannot see any reason why the consumer who might pay another 3 cents, or perhaps 4 cents, for the local handling should kick at such a price, because there is far more stable food value in a pound of potatoes at 15 cents than in a pound of bananas or in three oranges. It is all in the point of view, and I am afraid the point of view of the farmers is not appreciated by the consumers.

I am not going to take any more time on this now, Mr. Chairman. I feel that in part of his statement the minister has held out a hope, and before he winds up the discussion I should like him to tell us what is under consideration, because I cannot agree with him that it is not a pressing matter.

Mr. Gillis: Mr. Chairman, the question of inflation that was posed first by the minister is one to which anyone who is thinking at all has to pay some attention. When the minister concluded his statement he quite clearly said they were faced with the problem of either having high interest rates or high prices, and the steps they were taking were designed to prevent prices rising.

I cannot agree with him on that. As I see the question now, there is no doubt about it that we are headed into a period of inflation. Whether the manipulation of bank credit and bank interest in this country is the device that can prevent it is doubtful, in view of the fact that the economies of Canada and the United States are so closely integrated that any rise in prices in the United States—and there are certainly going to be rises in that country—is going to affect this country very badly.

I think the action the minister has taken means this. The government is blaming the person who has to borrow when prices rise. I do not think that is the case at all. I am just going to bring this briefly to the minister's attention, because I sat in this house all during the war when the mechanics for the prevention of inflation were developed and applied. I went through the period of inflation in the 1920's. Everyone in my age group did. We know the effects of it. We went through the period of deflation in the 1930's,

or the 10-year period, without money. We do not want either of them again if we can help it.

If the minister will just think about this for a moment he will realize what is going on. In the United States in the last two years there have been two increases in the price of basic steel. The price of basic steel was raised $7.50 a ton in 1955 and $8.50 a ton just recently. That is an increase of $16 a ton in the price of basic steel in two years. The same pattern will be followed in Canada after wages are adjusted. An increase of $16 a ton on basic steel can mean an increase of at least $35 a ton on fabricated steel, and steel runs through the whole economy of both Canada and the United States.

Those increases in steel prices have not yet been reflected in our commodities. Within the next year or two they will be shown in practically everything we use in the country. I do not believe that just by increasing the bank rate in Canada to 3½ per cent for the people who have to borrow in order to conduct their business you are going to prevent an inevitable rise in prices. I think what the increase in interest rates is going to do is to force the small operator out of business altogether. The big fellow will carry on because by and large the big companies, the big processors, the big contractors, are pretty well rooted in the banks anyway, and they have the necessary collateral to get money to carry on their business. But the fellow who is struggling along, depending on refinancing as he goes on, will be in this position.

In my judgment this device will put him out of business. The increase is an over-all increase that applies straight across the country. While it may help to some extent in some sections in Canada, it will hurt other sections. It will interfere with the government's program of public works. That is something that will hit the maritime provinces pretty badly, because any project that is designed for that part of the country at this time is needed in order to provide employment.

The second world war took us out of the bust and boom business and the war in Korea prevented another bust. I believe the minister, the government and the government of the United States are going to have to reconsider their position, because what Russia has been waiting for for a long time is for this country to boom and bust itself.

Mr. Harris: Boom too much and then bust.

Mr. Gillis: That is right. There is only one way to prevent it. Take a look at the profits. Take a look at them both in Canada and in the United States. Just check over the people who threw in the $16 a ton increase on basic steel in the past two years. Take a look at their profits over the last two years. They said they could not afford an increase in wages in 1955. I have the figures here. I am not going to bother to put them on the record and delay the house in doing so. In 1955, when United States Steel hiked their prices by $7.50 a ton, they could have reduced the price of steel on the basis of their profits in that year. They could have reduced the price of basic steel by $7.50 a ton. Mind you, those are the people who are not very much concerned about inflation, or about what it is doing to a country, as long as the profit picture is bright for them. That is their one concern.

I might refer to the increase that General Motors brought about just recently, after the wage negotiations. They said they could not pay the wage increases. Well, their profit pictures show they could have done pretty much the same thing. We are going to have to start considering the matter. The government of the country that gets blamed for everything is not managing the economy of the country. They have no control over people who will throw in devices of their own for their own convenience without any regard for the public interest.

I believe we are just beginning to think about this problem. If we are to correct the situation and keep ourselves in balance over the next two or three years we shall have to consider either an excess profits tax or a price control policy. In my opinion there is no other way out of it because, as I said a moment ago, the government is not responsible for the increases in prices. The small operator or the small businessman will be driven out of business, because he is not going to get money to refinance himself from year to year. The big fellow who has his roots in the banks will be able to control the whole economy of the country.

I just wished to say this briefly, because it is something we have to begin to think about. I do not think the device we are using now will be sufficient to take care of the situation.

Mr. Fleming: In connection with the minister's earlier announcement as to the savings plan campaign, is he prepared now to indicate the rate to be offered on these bonds?

Mr. Harris: No, Mr. Chairman, I am not at the moment.

The Deputy Chairman: Shall the item carry?

Mr. Blackmore: I have chosen not to discuss the increase in the bank rate. I think it is a wrong move and I do not think it

will do the things it is supposed to do, but I did feel there would not be any advantage in talking about that. There are other matters which I think are of more importance to us at the present time having to do with the Department of Finance.

Before leaving the matter of the increase in interest rates I might raise this question for the consideration of all hon. members and the minister. Is not this reported rapid expansion of consumer borrowing evidence that there is a shortage of purchasing power in the country, and that there are more goods than the people have the money to buy? I would say it is, and I am sure the expansion of consumer buying power to some $2½ billion does not necessarily have an inflationary tendency unless there is a shortage of the kind of goods that money is borrowed to buy.

I do not know where I could obtain a breakdown of the articles for which people have borrowed, but I would say a very large amount of that money was borrowed to buy new automobiles, and a very large portion of it was borrowed to buy television sets, refrigerators, deep freezes, high class furniture and a great many other things of that nature which people today appear to feel they require when they set up housekeeping. Therefore they borrow in order to buy these commodities.

Before one could say with any certainty that the $2½ billion which has been borrowed to buy goods would cause inflation, one should have to know whether there is a shortage of the particular kinds of goods bought with the money that was borrowed, and whether there has been a shortage of the material that went into the production of those goods; in other words is there any likelihood that there will not be more goods put on the market immediately to replace the goods which have been purchased.

Let us take automobiles, for example. There will be an automobile right in the yard to take the place of every automobile that is purchased. There will be plenty of manpower and material to manufacture another automobile upon the sale of the first one, and a great many people will be employed in the shops to produce the automobiles that are turned out. The money spent for the purchase of automobiles probably will not go into the market to buy milk, bread, butter, cheese, eggs, clothing and shelter and various other necessities of life; instead it will probably go into the bank or into the purchase of highly specialized materials.

Consequently I see no reason why we should assume that this great increase in consumer borrowing necessarily indicates an inflationary trend; and if it does, as the hon. member for Eglinton implied, if he did not in fact specifically state it, if we desire to relieve the market of that surplus buying power which is worrying the governor of the Bank of Canada why not ration the amount of that kind of purchasing power that can be borrowed to buy automobiles, deep freezes, refrigerators, high class washing machines and various other things? Why inflict hardship on the farmers and small producers all over the nation in order to make the big fellows be good? I think the whole trend indicates a shortage of purchasing power on the part of the people to buy the goods which the nation produces in abundance.

I would like to make a comment concerning the very fine statement the minister made. It seems to me that our finance ministers have always been able to paint the most glowing pictures such as would lead a person to imagine he is on the verge of floating into a paradise, until he gets out on the street and visits some old age pensioners who are trying to live on the niggardly pittance they get. Then he begins to feel differently about the matter.

The minister spoke about the danger of the shortage of goods. He did not tell us in what goods or services we are in danger of finding a shortage; it would have helped very much if he had done that. I will agree there are a number of commodities which are being stockpiled in the United States, Canada and other places in preparation for possible military trouble. If these are the goods of which we are in danger of running into shortage, then why not ration them and thereby prevent their prices rising? It looks to me as though that would be a far more sensible approach than raising bank interest rates.

In painting his beautiful picture in his statement the minister completely overlooked the fact that our provinces today are literally at their wits end to know how to get money with which to finance their affairs, and that our municipalities have gone even beyond that. Despite the facts, the ministers picture indicated that everything in this nation is lovely and prosperous and that there is no cause for anxiety at all. Well, that is a very unrealistic picture and I think the minister will probably be forced to realize that before he grows very many years older.

The matter I desire to speak about this afternoon concerns some of the dangers which confront us. I hope everybody in the house got around to reading a statement which was made by Professor Louis Budenz, the top ranking authority on communism on the North American continent. He made

certain portentous comments in Canada recently; these were his words:

> Unless those who are in charge of the governments of the so-called western world are able, very shortly, to turn back the course of the past 20 tragic years in our international history, we are writing the downfall of the entire non-Soviet governments. We are writing the second chapter in the achievement of the world Soviet dictatorship with the hammer and sickle over Ottawa and Washington before the next generation has expired.

You will notice that he has said there must be a complete change. I ask the minister if there has been one single change in his way of conducting the affairs of his department. His speeches sound exactly like the speeches of Hon. C. A. Dunning, and all the men who have served as minister of finance throughout the years. There has been no change at all. My point, Mr. Chairman, is this. If what Mr. Budenz says is true, and if this country desires to change the trend we are following, we should see some evidence of adjustment in every department of government in this country and particularly in the Department of Finance. One sees no evidence of change anywhere.

I should like to speak about a possible change in our way of approaching matters pertaining to finance. There exists a confusion in the minds of hon. members in this house, as indicated by the way they talk, regarding the meaning of the word "inflation", and this confusion positively sickens me to the very marrow. The price of steel has increased by $6.50 a ton. I think we should have a show of hands among the hon. members of this house to see if anyone believes that this is inflation. Is there anyone here who could be deluded into believing that this increase in the price of steel is inflation? Well, it is not inflation. That is an increase in price that has been forced by an increase in the cost of the production of steel.

Is that increase in the cost of production of steel the result of inflation? No. They tell us that is the result of increased wages. Are increased wages inflation? How can you call an increase in wages inflation? If you have about 650,000 men banded together so they can force you to pay twice as much money as you were paying before, who in his right senses could call that inflation? That is a forcing up of the price by an increase in the cost. Inflation is a raising of the price which results from a scarcity of goods. Is there any scarcity of steel or of the ingredients of steel or of anything that enters into the production of steel? No. Is there a scarcity of men to engage in the production of steel? No, there is not. How can you call this rise in price inflation?

We have heard a certain amount of talk about inflation during the last 10 tragic years. We have had inflation, if you want to call price manipulation upward inflation, but I do not call it that. We have certainly had rises in prices. I should like to put on record for the benefit of people out in the country—no one in the house needs these figures—some information to help them do a little thinking. I should like to put on the record what has happened since this government or its immediate predecessor permitted an increase of $5 per ton in the price of steel in 1946. Let us follow through what has happened to prices, taking 1939 as being about 100. In 1940 the price index was 105·645600; in 1941, 111·916800; 1942, 117·223200; 1943, 119·474400; 1944, 119·956800; 1945, 120·600000.

Those were increases in prices during world war II. We will grant that those could have been the result of inflation, because there was actually a shortage of goods in the world during world war II and there was actually a surplus of money in the hands of the people during that period. In 1946 the index was 124·620000; in 1947 there was a jump to 136·358400. You see the effect the $5 per ton increase in the price of steel had. Then in 1948 it was 155·976000. See the way the increase in the price of steel was working? In 1949 it was 160·800000; in 1950, 165·463200; in 1951, 182·829600. We were in the Korean war at that time.

We will grant again that there might have been a shortage of goods and excessive purchasing power, though I do not think at any time we had a short supply of any goods in Canada; but we were still being affected by the increased price of steel. In 1952 the index was 187·332000; in 1953, 185·724000. It began to go down for the first time. In 1954 it was 186·849600; in 1955, 186·528000; in 1956, 189·422400.

Someone will say that we are not using the proper price index. No, we are not using the commonly employed index because in 1949 somebody began to be so much afraid of the price index we were using, which showed such a tremendous increase in prices, that they changed the price index and began to count 1949 as 100. From then on we had these indexes:

1949	100·0
1950	102·9
1951	113·7
1952	116·5
1953	115·5
1954	116·2
1955	116·0
1956	117·8

It looks very much better, does it not? So we are told that the price index now is 117·8, where it ought to be 189·422400.

The reason I mention this particularly is that we have an increase in the price of

steel now which some say is $6, some say is $7 and others say is $8 per ton. Probably the Minister of Trade and Commerce could tell us exactly what it is, but we will probably know within a few days. I ask the minister and members of this committee what they suppose will happen as a result of the current increase of $6 in the price of steel, when an increase of $5 per ton back in 1946 resulted in those chaotic rises in prices.

As I mentioned the other day to the Minister of Trade and Commerce, we will see the value of the Canadian dollar in the next 10 years go down to something like 21 cents, which means that the man who has a paid-up life insurance policy of $1,000, which he scrimped and strove to get in 1946, will have only something like $200 for his wife. That is the kind of thing we will have; and I ask the minister if he has any device with which to meet that rise in price which the propagandists delude the people into thinking is inflation. What can he do about that?

Under the system under which we are presently carrying on he can do absolutely nothing. The Minister of Trade and Commerce very wisely indicated that if he had had emergency powers he might have been able to do something about it, and he mentioned the fact that we were thinking about fiscal and monetary measures. The fiscal and monetary measures have consisted of raises in the bank rate. How far will it go toward solving this problem? How far do you think you will have to raise the bank rate in Canada to make the price of steel go back enough to offset that $6 increase? How far do you think you will have to raise the bank rate to make the wages go down which those 600,000 men struggled so hard to get? It is simply fantastic and fatuous to think that is the solution; there is just no chance of it succeeding. The reason I mention this is to show that there might be room for a little bit of new thinking in respect to finance. I submit that the Social Credit movement has that new thinking. If I have time I might talk about that to some extent.

I wish to direct the attention of the minister to something which he must know. In September of last year Khrushchev made a statement something like this, and I am sorry I have not his exact words: "Go ahead, if you think your democratic systems are not too rotten; just go ahead and see if you can compete and you will find out."

I should like to repeat a little incident which will be of value to everybody in the house and in the country, just to show what a nation which is free to do as it chooses and to use its credit in the way it wants to can achieve in the economy of the world. In 1933 in the depths of the depression Japan managed her finances within her economy in such a way that notwithstanding the fact that she was a have-not nation she was able to produce certain textiles, send them to Great Britain and undersell the British factories right across the street and put them out of business.

How did she do that? Major Douglas, founder of social credit, speaking in the agriculture committee of the Alberta legislature in April, 1934, told those men that he had been in Japan. He knew they did this and that they had a good standard of living. It was not because they had a low standard of living in Japan. He said Japan could have gone on with this kind of thing, and put out of business the factories producing almost any kind of commodities one could find anywhere in the world, by the same device. What she used was her national credit, he thought, to subsidize exports.

If you get a vast unit like the Soviet union, with all the satellites and with all the combined productive potential of those units, and get them all in combination using their credit to subsidize their exports, what chance would we have of surviving in competition with a combination like that? That is the kind of thing we are probably going to face. The remarks of Khrushchev were not just idle. We have to be doing some deep thinking.

May I just say a word or two about what we ought to be doing. It is well known that Social Credit believes that the state can safely create and ought to create the money, and much of it should be created debt free; that is, not borrowed from anybody. There are many people who call that "funny" money because they are simple minded or political minded and would sooner worry about votes in the next election than about the country in the next 15 years, but if we are to be responsible we have to keep in mind what might happen in the next 15 or 20 years.

To show what state-created money can do in an area, may I tell the story of Guernsey island and its market house. Guernsey is a small island 9½ miles long and 5½ miles wide. It is just a big, beautiful garden. Its climate is just warm enough to permit tomatoes to ripen outdoors. It has been producing Guernsey cattle, and engaging in other kinds of agricultural pursuits. At the time the market house experiment was developed it had about 32,000 people.

The government was deeply in debt. It could not tax the people any higher because they could not stand further taxation. It wanted the market house, which would cost about £3,000.

The island was a democracy, almost independent, and had its own legislature of 41

members. After they discussed quite carefully this matter of the market house and decided they could not afford to borrow or tax, they selected a finance committee to look into this matter and submit a report.

On April 12, 1815, they recommended that the state print 3,000 Guernsey island £1 notes. With these notes they brought stone out of the quarry which they happened to have and paid the people for dressing the stone and building the market house.

They did it with complete success. No doubt the committee knew very well that if they had too much money for the goods available on the island there would be a rise in price. In every report they made, or such reports as I have read, they indicated they were watching very carefully to see that they did not get too much money into circulation for the goods that were produced, thereby causing inflation. They came through with the market house.

People will say they got it for nothing. As far as finance is concerned they did get it for nothing. They created the money. They built the market house and it cost them not one single cent. They put the people and the resources of the island to work by spending money among them to build the market house.

Let people explain that any way they think they can, but the fact is that the market house experiment is an historical fact. It is established in a book called, "An Example of Communal Currency" by J. Theodore Harris, published in 1911, and one by Sir Norman Angell, "The Story of Money", published in 1929 which has some quotations from Theodore Harris' book. The whole matter is completely established. In addition to that, I have in my office a letter from the authorities in Guernsey island within the past year in which all essential facts are verified by the island's historian and other students.

People will ask, "How did they do it?" The way they did it was simply this. The island had goods and the resources to produce more goods. There were people ready to produce more goods. There were more goods than money going into circulation to buy the goods. All that the island government did was to create the money and put it into circulation to enable the people to buy the goods and to enable other people to produce more goods. The goods were the backing for the money, fundamentally, and the amount of goods prevented the rise in price.

This is a simple story. People ask, "How could that have any bearing on us in Canada?" I would say that every county and every province in the whole Dominion of Canada could be just as effective as was the Guernsey island government, because there are more resources in every county in Canada than there were in Guernsey island, and in most counties there are more people. I am not suggesting that this be done on the basis of the counties, but if the counties could do it, think what the whole Dominion of Canada government could do working as a unit.

The story of Guernsey island goes on a little further. On June 14, 1820, apparently the goods had increased so much and the money had gone out of circulation paying off debts and so on to such an extent that they felt it safe to print another £4,000 to pay off part of the floating debt. On March 29, 1826, apparently the money was going out of circulation again and the goods were so greatly increased that they felt safe in printing another £8,000 to help build Elizabeth college and parochial schools. On this occasion they strictly limited the amount of the pounds that could be put into circulation to £20,000. Evidently that was the amount they calculated would come close to saturating the economy of the island, having reference to the goods and services available on the island.

In 1829 William Collings of the finance committee said that there were £48,183 of these notes in circulation. They had paid off much of their debt; they had built the finest road system in the British empire; they had built a dike to keep out the sea, and so on. I could tell a great deal more about this, but it is not necessary, because I think this illustration has established the validity of the contention of Social Crediters that a state can create money backed by goods and services produced in the state, place that money in circulation and use it in any way that seems to be for the benefit of the state.

May I go from Guernsey island to another most remarkable financial experiment. I think nearly all the older people, such as the hon. member for Esquimalt-Saanich and several others, recall being in Britain during the war of 1914. The Minister of Labour was there, no doubt, and a good many others. They will all remember the Bradburys.

Mr. Argue: The what?

Mr. Blackmore: The Bradburys of Great Britain. Great Britain fought world war I on the Bradbury, which was nothing but a paper pound issued by the government debt-free.

The Chairman: Order. I am sorry to interrupt the hon. gentleman but I am obliged to advise him that his time has expired.

Mr. Zaplitny: Mr. Chairman, it is not my intention to pursue the Bradbury story at

this point; no doubt it will be resumed. However, I think the statement made by the minister today with regard to the increase in the interest rate of the Bank of Canada was extremely important. It is also important that we assess the effectiveness of the potential of that increase.

To me it was interesting to hear the minister describe what the trend was in his analysis with regard to what he called the possibilities of inflation. As to what may come about in this country if something is not done he used these words—and I wrote them down as he used them—speculation, inflation and instability. That was quite a revealing statement from the Minister of Finance in this parliament. In spite of all that has been said by him and his colleagues throughout this session about the soundness of our economy and of the great so-called prosperity that we are experiencing, he now refers to the possibility of speculation, inflation and instability being in store for us unless something effective is done.

I think those three words describe very well the kind of economic and financial system under which we are attempting to live in this country. In a way it is a sad commentary on a system whose motivation is based chiefly on profit making rather than the provision of services. From that standpoint he went on to say that in 1956 we have had a year which we describe as most prosperous for most industries and most people. I notice that he used the word "most" on two occasions in qualifying the statement, and it was well that he did so.

I think it should be pointed out that in this so-called prosperous year the position of agriculture, for example—this applies to a few other occupations but particularly to agriculture—is such that it could not be included in that statement. The income of that industry has slipped in the last few years by about 40 per cent. If it is compared with some of the industrial profits, then certainly the word "most" would have to exclude agriculture. I have before me certain figures taken from the bureau of statistics. They show that in the twelve months 1954-55 the profit increase was as follows:

Profits before taxes, manufacturing industries
Percentage increase, 1954-1955

All manufacturing	27 per cent
Wood and paper products	22 per cent
Iron and steel products	33 per cent
Electrical appliances and supplies	26 per cent
Products of petroleum, coal	22 per cent
Chemical products	24 per cent
Textile products	74 per cent
Non-ferrous metal products	57 per cent
Non-metallic mineral products	44 per cent
Other manufacturing	34 per cent

In fairness to the textile products section I mentioned I should point out that in 1954 there was an extremely low profit figure for that industry. Therefore a 74 per cent increase does not reflect an exact picture. But taking them as a group, showing an increase ranging anywhere from 22 per cent to 74 per cent or averaging in the neighbourhood of 35 per cent, when you relate that increase to the drop of about 40 per cent in the income of agriculture it is easy to see what the minister means when he says "most industries" and "most people" in relation to our country.

The part I want to refer to particularly is the remedy that apparently the minister is applying in prescribing for this danger of speculation, inflation and instability which he tells us is what will happen unless the action which is being proposed is taken. In giving us the choice he added these words, "It is better to have a higher interest rate than skyrocketing prices". I have heard of many hard choices to make, but this is Morton's fork and Hobson's choice all rolled into one. The people of Canada are being asked to choose between higher interest rates and skyrocketing prices.

To me it indicates a complete collapse of government policy when all they can offer the people of Canada is a choice between those two evils. Certainly if all our economy is anywhere nearly as sound and if our nation is anywhere nearly as prosperous as our friends on the government side have been trying to persuade us for the last six months, the Minister of Finance should be able to do better than offer the people of Canada a choice between higher interest rates and skyrocketing prices. But that seems to be all he has to offer at this time. I think it is a sad commentary on the kind of policy followed by his government and by his department if that is the best choice he can offer the people of Canada.

Then further on he gave us one of the reasons for this increase in the Bank of Canada rate. Though he did not say it would be the definite result, he more or less expressed the highest hope that it would have a moderating influence on the expansion of credit. What does that mean when you put it into ordinary words? It simply means the restriction of credit. Instead of saying "moderating influence", which is a more mellifluous way of putting it, the attempt apparently is to restrict credit, to make it tougher to borrow money, by raising the interest rate, so you will have to pay more for the service or the privilege of using somebody else's accumulated savings or somebody else's accumulated capital. That is what it means in plain, ordinary language.

What does it mean to the ordinary small operator, whether he be in business or on the farm or in any other occupation, in which his credit facilities or his credit standing or his credit potential is limited as compared with that of those who are operating on a massive scale in competition with the small operators, and who have almost unlimited credit? They are the ones who own the credit institutions from which both the small borrower and the big borrower must borrow. In effect what happens is this. The minister is telling this parliament and the people of Canada that the government policy is such that you are going to have to pay more for the privilege of using the credit of this country because it is in the hands of the people who have both the capital and the credit. Therefore if you have not the capital, and if you want to get some of that credit, you have got to pay more for it.

Where does that put the small operator in competition with big business? Where does it put the small independent merchant, for example, whether he be an implement agent or a grocer or in any kind of small business, when he is in competition with, say, the T. Eaton Company, Loblaws or any of the huge chains such as Safeway and all the others, or the huge insurance corporations? He must go to the credit facilities which are owned by those huge outfits and try to borrow money from them in order to compete with them. What chance has he when the government throws its weight on the side of the big operator and tells the people of Canada, "we are just going to make it that much tougher for the small operators to meet them in competition"? He is finding it tough enough already, and now they are going to make it that much tougher. According to the minister that is going to have a moderating influence on the expansion of credit. In his opinion that is going to end speculation, inflation and instability.

I want to make it quite clear that I share the views expressed by my hon. friend from Cape Breton South, when he pointed out that this is completely ineffective. It does not attack the root problem, and it is not going to do anything for the average small operator in this country. It is just another method by which an extra profit for the privilege of using the financial credit of this country is being handed to the big operator at the expense of the average person, the taxpayer and the average small operator in this country.

What is basically the trouble is simply the fact that we are attempting to operate a profit-making machine, an economy based on economic motives rather than services. These profits keep being channelled into the hands of the same people, the same financial institutions, and the rest of the people of Canada have to go to the same people to whom they paid high prices and ask for the privilege of using some of their own money at a rate of interest. This government is making it harder for the people to go and get back some of their own money by making them pay a higher toll for the use of that money.

I agree with my colleague when he said that if we are going to tackle the thing in a serious vein, if we really mean what we are talking about, if we are going to try to avoid speculation, inflation and instability, then we will have to look at it from the point of view of price control or at the very least from the point of view of an excess profits tax. There are ordinary corporate taxes, and some of the members of the government will argue we are already using the taxation system as a method of more or less redistributing the wealth. But let me quote something from a leaflet that came into my hands not long ago. It points out how limited the ordinary corporation taxation is from the point of view of the redistribution of wealth. It says:

> All of the taxes which the corporations pay must, in the nature of things, eventually be passed back to people: either to the shareholders of the corporation in reduced dividends, or to labour in lower real wages, or to the consumer in higher prices for the corporation's product.

This is the significant sentence.

> In the end all corporation taxes come to rest upon people, who are the only taxpayers.

That points out the very strict limitation in the use of ordinary corporate taxation for the redistribution of wealth. This points out that all the corporation does is simply pass on that tax in the form of higher prices or lower wages or lower dividends, as the case may be, and in effect it is the consuming public or the purchasing public, if you look at it from the point of view of labour, who pay the tax anyway. I would ask the Minister of Finance at this point if he agrees with this statement I have just read. Does he think that is the effect of ordinary corporate taxation? The minister does not answer, and while he is making up his mind I shall pass on and ask the Minister of Justice whether or not he agrees with that?

Mr. Garson: When I wish to express my views upon economic questions such as this, I prefer to do so in my own language.

Mr. Zaplitny: I am glad to hear the minister say that, because what I was quoting was his own language. It is a quotation from a speech made by Premier Stuart Garson over the C.B.C. on June 9, 1947.

Mr. Garson: May I suggest to my hon. friend that he state sufficient of the context so the quotation will make more sense.

Mr. Zaplitny: I would have to go beyond the ambit of the whole speech to make any sense.

Mr. Garson: If my hon. friend is not willing to do so, if he will send my speech over to me I shall be glad to do it.

Mr. Zaplitny: I shall be glad to let the minister refresh his memory and see if he agrees with it.

I wish to point out that if we are going to really solve this recurring problem which has faced Canada more than once—and this is only one of the sources of the so-called inflation, instability and speculation which I believe is inherent in the very economic system which we are trying to operate—we are going to have to go down a lot deeper than raising the interest rate so far as the Bank of Canada is concerned. We are going to have to do something to bring ourselves closer to the efficient operation of our economy, and bring it as close as possible to service at cost. Because as long as we have to pay in large amounts in the form of profit for the services performed by someone else for things we can do better for ourselves, whether that be in the ordinary industrial sense or in the financial sense, then we are going to be faced again and again with the same situation. Every time the government takes this kind of action it is simply widening the gap and creating greater hardships to the small operator, whether it be the farmer or the small businessman in this country as opposed to the huge business concern.

Mr. Monteith: I should like to ask the minister two very brief questions. First of all, did he not intimate that the Bank of Canada could, if it saw fit, create a certain expansion of credit?

Mr. Harris: Yes.

Mr. Monteith: Having that in mind, may I ask him this. Has he or the government or the officials of the Bank of Canada given any consideration to another possibility of, shall I say, holding inflation in check or creating a trend the other way, by allowing sufficient credit to cause enough expansion to supply the goods which would fill the demand.

The Deputy Chairman: Shall the item carry?

Mr. Monteith: No. I am wondering if the government or the officials of the Bank of Canada have given any thought to that?

[Mr. Zaplitny.]

Mr. Harris: I shall be glad to clean that up when I answer the questions.

The Deputy Chairman: Shall the item carry?

Mr. Blackmore: No, Mr. Chairman, there are a number of other matters which—

Mr. Garson: I wonder if my hon. friend would permit me to reply to the hon. member for Dauphin. He asked me to give the context, and I would be glad to give the context of this quotation. It reads:

> Tonight I should like to reply to C.C.F. broadcasts in this and in another series. In these we of the Manitoba government are criticized rather severely because we are not providing at the taxpayers' expense more drainage, more roads, increased educational grants and pensions and social and health services, and a larger civil service to administer expanded governmental activities generally. To do these things would of course hugely increase the cost of provincial government in Manitoba. Yet not once in the broadcasts did any C.C.F. speaker even attempt to state the cost of what he was advocating, let alone give the slightest consideration as to how that cost could be met.
>
> Well, of course, everyone knows that it is a bit childish to advocate extremely costly measures with a complete unconcern as to how they are to be paid for. Broadcasts of this sort are made only for the uninformed.
>
> Our opponents do not accuse us of recklessness or extravagance. On the contrary we are accused of being too thrifty. It is a disgrace, they suggest, that with war's buoyant revenues we have surpluses and use them to reduce the provincial debt.

Then I went on to examine the sources from which this revenue that would be involved in these vast expenditures which the C.C.F. were advocating would come. I pointed out that it will not come from natural resources revenues because they had been absorbed into the budgets many years ago. I pointed out, amongst other things, the part my hon. friend from Dauphin was referring to and I said:

> The third source from which the tax moneys to pay for increased governmental services do not come is large corporations. Corporation or joint stock companies are merely devices, pieces of machinery if you like, by which a number of people join together to do business which they could not do individually.

And, Mr. Chairman, might I say how intensely gratified I am that a member of the C.C.F. party, in the person of the hon. member for Dauphin, is accepting these doctrines and quoting them back to the members of the house with approval.

These corporations are organized—

> —to make profits if they can, and amongst other things to pay taxes. All of the taxes which the corporations pay must, in the nature of things, eventually be passed back to people: either to the shareholders of the corporation in reduced dividends, or to labour in lower real wages, or to the consumer in higher prices for the corporation's product. In the end all corporation taxes come to rest upon people, who are the only taxpayers.

My hon. friend keeps repeating my language in a different context. Well, this is a new and different policy pattern for our socialistic friends of the C.C.F. I congratulate them on at last having seen the light; and it is a matter of pride to me that they have seen the light from a speech that was originally made by myself.

Mr. Zaplitny: Just one moment; since the minister has certainly widened the area of discussion a great deal by going back to the beginning of his broadcast, which has nothing to do with the subject under consideration today, and challenged the C.C.F. to point out where some extra funds could have been derived in the province of Manitoba to pay for the services we have advocated, in other to save time I shall give one source which he will recognize very quickly, and that was pointed out by a man who was his own leader at one time in the province of Manitoba, Hon. John Bracken, who pointed out that the government of Manitoba, of which the Minister of Justice was premier at that time, was paying the breweries of Manitoba $1 million a year more than they needed for beer over a long period of time. If they had put that into the public treasury they could have provided some of the services we advocated.

Mr. Garson: Again my hon. friend is quite wrong in the statement he makes because, if he will examine the report made by Hon. Mr. Bracken closer than he has done, he will discover that it did not apply to the period of which I was speaking in this speech.

Mr. Zaplitny: You are merely trying to wiggle out of a position.

Mr. Blackmore: Mr. Chairman, when my time was exhausted a few moments ago I had been dealing with the matter of currency in the Guernsey islands, and pointed out that in the case of Guernsey island there was a very successful use of government credit, debt-free money spent into circulation. In that case the money was spent into circulation for building public works.

Before going on with the Bradburys, which I indicated I would be talking about, may I point out to all those who are interested that the Social Credit government would use the power to create debt-free money based upon the goods and services producing and consuming power of the governmental unit in which the money was being created and in which it was to be used, and with this debt-free money the first thing they would do would be to pay what they call the compensated discount on the goods coming into consumption over the retail counter.

This compensated discount would bring down the price of the goods, which would mean that the effect of over-all Social Credit would be just exactly the opposite of inflation. It would bring down prices instead of allowing them to rise. Besides that, as soon as the compensated discount would be applied on any one or a very large variety of goods, on the goods of which there was an abundance, then it would enable people to get purchasing power into their hands directly by government distribution which would enable them to buy goods, so that the total markets in the country would greatly increase.

There will be some who will say this. Are we not in danger of running into inflation now? How can we afford to put more money into circulation now that the Bank of Canada is taking steps to curtail the amount of money going into circulation to prevent inflation? I reply with this observation. Can anyone here imagine that say $10 a month put into the hands of each of the people of New Brunswick for instance, who are receiving incomes lower than the taxation level would cause inflation, especially if that money went into circulation in the form of a discount which brought the price of goods down say 10 per cent? Is there any conceivable way in which that could cause inflation?

Would anyone argue that in Canada, if we had plenty of money with which to do it and did have to take the money out of the taxpayers' pockets, we would not raise the old age pensions to $65 without causing inflation across Canada? Would anyone pretend that it would be impossible to increase pensions to the blind and to allow other people who are living on fixed incomes, especially if that money took the form of discounts on the goods they bought? Would anyone contend for a minute that such a process would cause inflation? If so, then undoubtedly indeed we are faced with a hopeless situation.

My contention is that if money were put into the hands of, say, the common people of New Brunswick to the extent, we will say, of $10 a month in the form of discounts, it would enable them to buy a good many things such as milk, cream, butter, eggs, poultry products and a great many things that could be manufactured locally. It would increase the production in New Brunswick, the will to produce, and it would increase the consumption and raise the standard of living in New Brunswick.

The same thing would apply all over the nation. So when I say that Social Credit advocates distribution of a considerable

amount of the money which would be created, and could be created safely because of the goods and services in the country, and Social Credit advocates that this money be distributed amongst the people in the form of compensated discounts, bringing down the prices of consumer goods, then that would be exactly the very opposite of inflation.

Now, Social Credit maintains that if the amount of money distributed in the form of discounts or, if it seemed to be desirable to distribute some of it in the form of dividends —because a good many people who do not have money would not be able to take advantage of the compensated discount on goods, since they would not be buying any goods— in case it were necessary to give issues of money to the people, Social Credit stands for giving dividends to all the people up to a certain standard in accordance with the amount of goods and services available in the country to buy.

In this way it is quite obvious that the standard of living of the people throughout the country would be raised and the markets available would be increased. There would be no gainsaying that the money which would be created debt free by the central government and spent into circulation, provided the total amount did not exceed the goods and services which were being produced in the nation consistently, would be entirely beneficial, would be entirely sound and would be a matter of great importance to the economy of the nation.

Now may I turn from the Guernsey island experiment to tell about the Bradbury experiment in Britain? Once more we are dealing with a matter which is an historical fact. As I was saying, hon. members like the hon. member for Vancouver South and others who did so nobly for the welfare of their country, will remember distinctly that when they were in Britain they used the Bradburys as money. Where did those Bradburys come from? What was behind them? What were they? What gave them value?

Britain fought a war on them. That is incontestable. Undoubtedly they worked. That also is incontestable; otherwise Britain would never have won a war on them. Well, the measure which was used with such signal success under the stress of war certainly could be used in peacetime, when production would be much more abundant and the people's capacity to consume would be so much greater.

May I just give hon. members a general outline of the Bradburys experiment. Before I do that, may I give them the names of books from which we can derive information which verifies everything I am going to say. I hold in my hand three books, one called "Currency, Credit and the Exchanges" by William A. Shaw, published in 1927; another one, published by William A. Shaw in 1930, called "The Theory and Principles of Central Banking"; and another one by the same author called, "The Principles of Currency, Credit and Exchange", published in 1930, after that great student of monetary affairs had had a chance to study the Bradbury experiment, not only while in action during the war but as it had affected the economy in Great Britain as he looked back over the period from the time he wrote in 1930 and 1934, to the war years.

Who is Dr. Shaw? William A. Shaw is a literary doctor, editor of "The Calendar of Treasury Books and Papers" of Her Majesty's record office. He is certainly a man who is in a good position to learn about money. He is the author of several books including "The History of Currency", "English Monetary Writers", "The Theory and Principles of Central Banking" and "Currency, Credit and the Exchanges", to which I have just referred. I think there could be little doubt that William A. Shaw is in an excellent position to have become an authority on the subject with which he deals, and therefore we can accept with complete confidence all that we can gather from his books.

In this case I am going to read about five small quotations from his book "Currency, Credit and the Exchanges" which I think will establish every fact it is necessary to know regarding the Bradburys experiment.

Perhaps it would be helpful if for a moment I were to discuss why the Bradburys became necessary. Shortly after the war began in 1914 the Bank of England and other banks in Great Britain made known to the British government that unless something were done they would have to close the banks, because there was a run on the banks and everyone was withdrawing their money and shortly the banks would not have sufficient money with which to supply their customers. This created an emergency situation. The British parliament passed an act called the currency and bank notes act which received royal assent on August 6, 1914. Here are the important words in that act:

> The treasury may, subject to the provisions of this act, issue currency notes for £1 and for 10s., and those notes shall be current in the United Kingdom in the same manner and to the same extent and as fully as sovereigns and half-sovereigns are current and shall be legal tender in the United Kingdom for the payment of any amount.

That is simple enough, is it not? The treasury of Great Britain made known to the banks that all they had to do was apply to the treasury and comply with certain

conditions and they could have supplies of these Bradburys with which to pay off their commitments to their clients.

Here is another quotation which tells a little more about the experiment. I am reading now from page 15 of "Currency, Credit and the Exchanges":

> At the instigation of the treasury, therefore, the British legislature was consciously instituting a new form of currency. Whence was the idea of such a currency derived? In this matter it is necessary to distinguish. The innovation, whether deliberate or accidental, did not consist in the denomination. One pound notes were well enough known in England as well as in Scotland, for they were issued by the Bank of England from 1797 to 1825. The real innovation consisted in taking away from the banks the right of issue of this emergency currency. The issue of it was reserved to the state, and the banks were employed only as distributors.

I think hon. members will see quite readily that this approach is exactly opposite to the position taken by my C.C.F. friends, who have implied on several occasions that it will be necessary for the government to have control of all the banks. In this case there was no control over the banks whatsoever.

I shall now refer again to this book concerning the Bradburys. It is interesting to note that many of them went into circulation. They caught on so well that the British were able to take out of circulation in that country all the gold and other precious metals and trade those abroad for badly needed goods, and they put the whole nation on a paper currency basis.

What was the greatest number of Bradburys that went into circulation in Britain during this whole period? The greatest number was £354 million, and that number went into circulation in 1920 shortly after the war was over. This information is to be found in the book "Currency, Credit and the Exchanges" in a tabulation which appears on page 36. This indicates how extensive was the use of the Bradburys.

Some people will immediately ask, "Did this cause inflation?" That is naturally the first question which comes to one's mind. If one reads this book one will find fact and figures. I shall now read a statement which appears on page 45 of this book which answers the question as to whether or not the Bradbury experiment caused inflation:

> From every point of view, therefore, Great Britain shows better than Switzerland or the United States.

This is with respect to inflation.

> Although she was financially bearing the allied cause on her shoulders she suffered less inflation of currency than either the typical neutral power on the one hand or the chief solvent gold standard power on the other.

That is the next important matter that people would desire to know. The next is this. What does Dr. Shaw deem to be the importance of the Bradbury experiment? I shall read now from page 66, and these words will give us a message which is of value to us in Canada at this very moment:

> The episode of the British treasury note experiment transcends in importance any other event in the economic experience of the modern world.

May I draw that particularly to the minister's attention. Why does Dr. Shaw make this statement? This statement can put into the minister's hands the means of coping with the problems that are now confounding him as well as the governor of the Bank of Canada, and will continue to confound them as the days go by. I continue to read:

> On the practical side it has emancipated us from the grip of an imperfect gold currency system and of a costly and cruel bank rate system. In comparison with such an achievement the erection of the federal reserve system in the United States is halting and imperfect. But the treasury note episode has not merely this practical value. It has an equally significant import in the domain of theory. By its means we have evolved the true theory of money, and in the light of this theory our currency and banking legislation need no longer be the process of blindfold groping and experimenting which it has been in the past.
>
> This theory of money rests upon one basic principle—viz., that goods purchase goods. In this axiom the word "goods" is used for brevity's sake as comprehending all economic goods or services which, as possessing economic value, possess thereby exchange value.

It is noticed that Dr. Shaw brings out the fact that the maximum amount of money a nation can have is the total value of the goods and services that nation can produce and consume, and the resources it has standing behind those goods and services from which it can produce and deliver more goods and services as, when and where required.

May I now read for the benefit of the better students—and there will be a great many in this house and throughout the country—some thoughts expressed by Dr. Shaw which I have gathered from one place and another. These may not sound very interesting but they will be of vast interest and importance if we get into the kind of horror we could easily get into in this country in the times of distress which I think we are approaching with great speed.

The first reference I am going to make concerns what Dr. Shaw says about cycles. He says we do not need to have cycles of boom and depression. He says the hidden cause of all our trouble is our financial system. He indicates that we can have an acceptable standard of prosperity all over the nation maintained at a satisfactory level, the only question being whether or not we can produce enough goods and services to maintain

consumption at the level we desire. He points out that basically the purchasing power of any country is its goods. Our fathers knew long ago and we know now that barter has been sound all through the generations. They were able to trade their beef for potatoes or any kind of commodities with each other, which simply means that goods are purchasing power. All that is now necessary is to put these goods into a monetary form so they can be used.

I should like to read three quotations. The first one comes from "The Principles of Currency", page 52, as follows:

> In enunciating for the banks the simple principle which must guide them in this task of controlling an upward or prosperity phase, it is not difficult to lay down a rough and ready datum line from which to start. That line is simply such a level of prosperity as will keep the whole of our economic system functioning healthily, and will provide suitable sustenance to every man, woman and child in the land, and suitable employment to every employable person: a level which will yield a fair return to capital and make a fair provision for the development of social and other services which have become so important a factor in our national life.

We in Canada do not begin to approach that standard today. Here we are in a period of greatest prosperity, a nation producing something like $28 billion worth of goods this year, yet we have our old age pensioners on a disgraceful standard of living under which it is utterly impossible for a man and wife receiving the present old age pensions to go out and rent a house in Ottawa for instance and still live. It just cannot be done, and I defy anyone to say that it can.

That is far short of the standards set here in this quotation. Why is it short? Because all money that goes out into circulation today in Canada has to be borrowed into circulation, and the only reason for which people will borrow, except those who are borrowing consumer credit and have to pay it back, is to produce. The result is that when there is adequate production they will not borrow and the banks hesitate to lend. The result is that we have no way of controlling the amount of money going out into circulation. There is no way in the world of making sure there is enough money circulating in the right places in Canada to enable every Canadian to obtain the needs of life and have the necessary standard of prosperity.

Further, we know that with automation it is becoming yet more difficult to give every person a chance to live. The threat which haunts every man from coast to coast in Canada right now is the threat of unemployment. That is what faces every man except those who happen to have fortunes. I submit that that is so far below the standard which we have the right to demand that we should be ashamed of ourselves even to contemplate the continuation of that condition.

Surely every man who is willing to work and is capable of working should be assured that he will have a job at which he can support his family. Every man who is unable to work but who is willing to work should be given the means whereby he can support life in some kind of dignity and comfort. Why? Because the country which can produce $28 billion worth of goods is the land in which he lives.

So much for comment on that particular quotation. I now quote another one from "Currency, Credit and the Exchanges", pages 55 and 56. Notice again what this man says about what should be the absolute demands of the Canadian people, and I quote:

> In other words, we regard the stage of complete reabsorption of economically employable labour as marking the return of full health to the body economic, and we define this stage as the datum level of general all-round prosperity, such as shall be productive of most happiness to men.

I interrupt the quotation. Have we in Canada arrived at that point? Not by any manner of means. We make full employment impossible for our people now. We have huge employment, but go down into New Brunswick and see whether you can get a job, or if you do get a job whether it will supply anything like a decent standard of living for your family. I call on the hon. member for Restigouche-Madawaska to testify to that. He has just come from down there. I was down there and was in the homes of many of those people. Unless those people happened to have pensions they were just in mortal dread of being unable to get jobs, and when they do get jobs in most cases the pay is so small they simply cannot support their families up to anything like a decent standard of living. And that in a Canada with a production of $28 billion a year! What a lasting disgrace that is to the government and to the Department of Finance particularly. I go on with the quotation:

> We maintain that such is the datum line which we require, the 100 per cent level from which to start, and to which we should return. It will be the purpose and the duty of banking statesmanship to keep production and consumption swinging freely about that datum line in such a way that every economically employable man shall be at work, and wholesale prices may not fall and retail prices may not rise beyond the limits of healthy seasonal percentage variation, and within the natural limits of commodity production changes.

I suggest to the minister that he send copies of those quotations to Mr. Coyne and say to him, "Mr. Coyne, keep your eye on that and do your best. You are a lot short

of it yet. If you cannot do it as governor of the Bank of Canada, tell us what to do."

I suggest to the minister that the thing he will have to do is re-enact the finance act of 1914 and 1923, and use that act as a means of creating debt-free money which he can spend into circulation wherever in the Canadian economy he believes it needs to be spent, in the form of giving compensated price discounts to consumers of commodities going over the retail counters, or in the form of dividends where he wants to distribute it in that form, where people need income and are unable to obtain it.

He needs to re-enact the finance act of 1923. His illustrious predecessor, Right Hon. W. S. Fielding, said almost what I am saying when he reintroduced the act in 1923, which act had been introduced and used by a Conservative administration under Sir Thomas White, that masterful minister of finance of world war I days. Mr. Coyne should be given a chance, and I maintain that we are not giving him a chance because he is running a banking system the business of which is to produce goods, and he is lending money for production. He simply cannot put money into circulation in everybody's hands by lending money to produce. There has to be money issued into circulation with which to consume.

So much comment for that. Here is another quotation which is of value from "Currency, Credit and the Exchanges" by William A. Shaw, page 67. I think I read this one before, but I shall read it again. It is as follows:

> By its means we have evolved the true theory of money, and in the light of this theory our currency and banking legislation need no longer be the process of blindfold groping and experimenting which it has been in the past.

—and which it is right now. Here is Mr. Coyne trying, desperately trying, to find out what to do to attack the great problems which face him and which he sees in the future; he is doing everything he possibly can to remedy the situation, but because he has not the proper tools he simply cannot do the job. I go on to read one more brief paragraph from this quotation:

> This theory of money rests upon one basic principle, viz., that goods purchase goods. In this axiom the word "goods" is used for brevity's sake as comprehending all economic goods or services which, as possessing economic value, possess thereby exchange value.

I read this from "The Principles of Currency, Credit and Exchange", by William A. Shaw, published in 1934:

> There is no inherent or scientific necessity for an ever-recurring cycle of over-trading followed by disaster and depression. The cause of that recurrent phenomenon lies hidden in the financial structure of the modern world and it is removable. If our civilization is to survive it is imperative that such cause be removed without delay.

I suggest that the minister knows only too well that that cause has not been removed, and that the minister has not in his mind even the way of removing it. If he has, he must be having difficulty with the people in his department.

I should like to ask the minister casually, in passing, how many of the officers of the Department of Finance are graduates of the London school of economics, and how many of the men now employed in the Bank of Canada are graduates of that school of economics. If the minister wants a sound financial system he had better take those men out and give them lucrative positions somewhere else, because they will misguide him as sure as the sun rises. The London school of economics was not developed to enable people to learn how to run a country well; its object is to enable a country to run on the rocks, as we are in danger of doing right now. That may sound very queer, but I can back every syllable of every word I have said.

I quote the following from "The Principles of Currency, Credit and Exchange":

> For the hidden mainspring of all the cyclical movements and evils of the past has lain in finance and not in industry.

Those quotations can be of the very greatest value, in my judgment. I might say that I have no desire to pretend to unusual knowledge in this respect, but I have read a great many books written by men of various attitudes all the way from the socialists to the extremists in the orthodox field and those along the borderline in the unorthodox field. The sum total of the information I have been able to gather from the works I have been able to read is that the principles embodied in the statements and quotations I have made and read here today are absolutely sound. If we are to provide a sound economic system in Canada, we must build on the principles that are therein involved.

Mr. Hansell: Mr. Chairman, I can assure you, as I rise to speak, that this is in no way creating any type of filibuster. We have judged our time in fairness to this house in the process of this present session; but we are interested in financial matters and, as the Department of Finance has been called at this late hour, we want to accommodate the house but we want to do an effective job by reason of the fact that the people have sent us here to do that job. I shall not take very much time, only a few minutes, to say what I want to say.

An hon. Member: You have only three minutes.

Mr. Hansell: What I rose to say was this. I want to add my voice to the voice of the hon. member for Eglinton with respect to what I believe to be a very vital principle which evidently has been enunciated in the last day or two. I was here when the minister replied to questions the other day, and he appeared to place the responsibility for the financial policy of this country on the doorstep of the governor of the Bank of Canada.

Mr. Harris: No, no, no, no.

Mr. Hansell: It had all that connotation to it, as far as I am concerned. If the minister answers, "No, no, no, no", then I am quite willing to be satisfied with his answer; but let it be known that even though there is legislation under which the Bank of Canada carries on its duties, the government here cannot hide behind that legislation and relieve itself of the responsibility of determining the financial policy of this country which results in either a high standard of living for all the people or a lower standard of living with no purchasing power with which to live.

I have said that, and the government must be responsible for that. That is what they are here for. Furthermore, they go out in election campaigns urging the people to place the responsibility on them; then they are answerable to the people for the financial policy of this country. Let us make no mistake about that.

During the speech that was given by the hon. member for Cape Breton South the hon. member mentioned the cycle of boom and bust, and the minister interjected that his policy was designed to prevent too much boom and bust. I do not know whether or not there is too much boom now. I do not know whether this action of the governor of the Bank of Canada is to prevent too much boom, but frankly I am very much concerned about the bust part of the cycle. Very many people are very much concerned about inflation. I am too, but I think I am more concerned about the problem of deflation, which will happen as sure as you are born if the boom is to be followed by the bust. What I should like to learn from the minister is what his policy is going to be to prevent the bust. That is what I should like to know.

An hon. Member: Six o'clock.

Mr. Hansell: I am only going to detain the house a moment or so.

The Chairman: Has the hon. member leave to continue his remarks?

Mr. Hansell: I can finish in less than five minutes.

[Mr. Hansell.]

Some hon. Members: Agreed.

Mr. Hansell: All I want to say is this. When there is a rise in prices, all the people of Canada suffer. Whether that rise in prices is caused by direct action, as has been described by the hon. member for Lethbridge, or whether it is a rise in prices that has been caused by too much money chasing too few goods, the government must be responsible for that because that is within the confines of financial policy.

I am interested particularly in the poor people of this country who have to stand the brunt of the rising costs of living. That is what I am concerned about. I urge the minister now to adopt a policy whereby the spending power of this country will aid the poor people of this country to have a decent standard of living.

I have a very interesting thing here that I shall hand to the minister. I do not know whether it has been brought to the attention of the house before, but here is an envelope in which an old age pension cheque was enclosed. I suppose it is just one of thousands. It has a postmark on it, and the postal service put some little advertising in their postmarks. The envelope is printed: "District Treasury Office, Department of National Health and Welfare, Family Allowances, Federal Old Age Pensions". This was sent to the old age pensioner and on it is a postmark which says: "Good hot breakfasts a winter must".

There is a great deal of irony in that, because this old age pensioner is a lady 75 years of age. There is that cheque for $40 a month. She said, "I am still healthy. If I buy a good hot breakfast and pay my rent and my other necessities, I am wondering what I will have for my other two meals for the day". There is some irony to that.

I met an old age pensioner on the street in my own home town not long ago. His vest was frayed; his shoes were not neat. He said, "Mr. Hansell, do you suppose they are going to do anything further for us old age pensioners? I cannot very well get along on my $40 a month". Why cannot he get along? Because the cost of living is too high. There is some reason for that.

I say what I have said in previous sessions. Even with respect to industrial pensions, when money was paid into industrial pension funds the cost of living was much lower that it is today. If they expected to receive $40, $50 or $60 a month 10 or 15 years ago, that looked fairly good then. But now they receive the $40, $50 or $60 a month, or whatever is the amount at which their pension was calculated, and of course the cost of

living has gone up so much that in reality when they are paid this amount it is just the same as saying to them, "Yes; you put aside enough to pay for a pension of $75 a month when you reached pensionable age. We are sorry but we can pay you only half that amount". That is really what it means. To me that is a steal—not an intentional one, of course—by reason of a faulty financial policy.

I know we are anxious to get through, and I am not going to take up any more time now on this matter.

Item agreed to.

An hon. Member: Six o'clock.

Progress reported.

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

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, last night I indicated the remaining items to be dealt with. I understand that today we have disposed of the estimates of the Department of Labour and the Department of Citizenship and Immigration. That being the case, on Monday we shall take up the remaining items in the order in which I indicated them last night.

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

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Citizenship—

59. Citizenship registration branch, $398,265.

B—National gallery of Canada—

80. Administration, operation and maintenance, including industrial design division, $328,910.

DEPARTMENT OF LABOUR

A—Department—general administration—

179. Departmental administration, $702,905.

180. To provide for expenses of the economics and research branch, $547,762.

181. Annuities Act—administration, $1,071,447.

182. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $454,706.

183. Canada labour relations board, $5,875.

184. Administration of the Canada Fair Employment Practices Act, $10,500.

185. International labour conferences, $67,720.

Supply—Items Passed

186. *Labour Gazette*, authorized by Labour Department Act, $122,635.

187. To provide for expenses of the women's bureau, $26,958.

188. To provide for payments to implement a program for the rehabilitation of disabled persons, in accordance with terms and conditions approved by the governor in council, and administrative expenses connected therewith, $196,700.

189. To provide for expenditures incurred in connection with manpower utilization, labour-management relations and related programs as may be authorized by the Minister of Labour, $30,000.

Special services—

190. To provide for expenses of special services branch including administrative costs connected with federal-provincial farm labour programs, the movement of workers from outside Canada and the program for combating seasonal unemployment, $175,798.

191. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council, $250,000.

192. To provide for expenses incurred in arranging for and the movement of workers from outside Canada to work on farms and for other essential employment in Canada where Canadian labour is not available to meet the need including the costs connected with their reception, supervision and with the welfare of persons already immigrated to Canada and to provide for expenditures under agreements with the provinces authorized by the governor in council, $298,477.

Vocational training co-ordination—

193. Administration, $80,745.

194. To provide for carrying out the purposes of the Vocational Training Co-ordination Act and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the governor in council to provide financial assistance to vocational schools, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—payments to the provinces, $4,515,150.

Government employees compensation—

195. Administration of the Government Employees Compensation Act, $72,600.

B—Unemployment insurance commission—

196. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act, $27,341,745.

197. To provide for the transfer of labour to and from places where employment is available and expenses incidental thereto, in accordance with regulations of the governor in council, $75,000.

DEPARTMENT OF FINANCE

General administration—

116. Departmental administration, $2,035,230.

HOUSE OF COMMONS

Monday, August 13, 1956

The house met at eleven o'clock.

HOUSE OF COMMONS

APPROVAL OF REPORT OF CIVIL SERVICE COMMISSION RESPECTING PARLIAMENTARY RESTAURANT

Hon. W. E. Harris (Minister of Finance) moved:

That the report of the civil service commission respecting certain employees of the parliamentary restaurant, laid upon the table of the house August 10, 1956, be now approved.

Motion agreed to.

MOTION FOR PAPERS

SALES OF GOVERNMENT PROPERTY, 1955-56

Motion No. 97—**Mr. Dufresne:**

For a copy of all correspondence, telegrams and other documents, relevant to all sales of government properties during the fiscal year 1955-56, in which the total sales price was 25 per cent or less than the original purchase price.

Mr. Howe (Port Arthur): Mr. Speaker, I believe the hon. member agreed with my parliamentary assistant that this motion should be dropped. Perhaps it could be removed from the order paper today.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Motion dropped.

NATIONAL REVENUE

LETHBRIDGE—REFERENCE TO SERVICES OF CALGARY OFFICIALS

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to direct a question to the Minister of National Revenue, notice of which I have just sent to him. Will the minister tell the house whether or not it is true that from his Calgary income tax office an average of four men each week are working among income tax payers in the Lethbridge income tax area? Will the minister tell the house whether or not it is true that each of those four income tax officials, travelling in his own car at government expense, spends Monday getting from Calgary to the Lethbridge area, and Friday getting from Lethbridge area back to Calgary and actually works only three days a week but receives pay and expense allowance for five days a week?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I have just this minute received the hon. gentleman's questions. The first one is:

Will the minister tell the house whether or not it is true that from his Calgary income tax office an average of four men each week are working among income tax payers in the Lethbridge income tax area?

I do not know whether it is true but I hope it is true. The second question is:

Will the minister tell the house whether or not it is true that each of those four income tax officials, travelling in his own car at government expense, spends Monday getting from Calgary to Lethbridge area, and Friday getting from Lethbridge area back to Calgary and actually works only three days a week but receives pay and expense allowance for five days a week?

This is not true. I do not know why it would take so long to get from Lethbridge to Calgary and back unless they walk.

Mr. Blackmore: Mr. Speaker, if the minister will read the letter of Mr. Holberton, I think he will find that it is certified there that these things are true.

Mr. McCann: I did not hear what the hon. gentleman said.

Mr. Blackmore: If the minister reads Mr. Holberton's letter concerning which I have asked him, he will find a statement there to the effect that these things are true.

Mr. McCann: Yes; but as I indicated a few days ago, I would much rather take the statement of my own officials than that of Mr. Holberton, who was a former income tax employee in Lethbridge.

Mr. Blackmore: The minister might be greatly surprised to find that Mr. Holberton is right.

CANADIAN NATIONAL RAILWAYS

REPORTED BLOCKING OF CROSSING AT BROCKVILLE

On the orders of the day:

Mr. Hayden Stanton (Leeds): I should like to direct a question to the Minister of Transport or in his absence the acting minister. I

should like to preface my question by drawing attention to a portion of an article that appeared in the press. It reads:

Hundreds of industrial plant employees were late for work this morning when a C.N.R. train blocked the controversial Perth street crossing for 34 minutes. Legal action may result from the holdup.

My question is, will the minister make a study of the whole rail situation that exists at Brockville with a view to rectifying this situation so the C.N.R. may not be humiliated by further legal action?

Hon. W. E. Harris (Minister of Finance): I will draw the question to the attention of the Minister of Transport.

WATER RESOURCES

UPPER THAMES VALLEY AUTHORITY—INQUIRY AS TO GOVERNMENT DECISION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the minister of northern affairs or, in his absence, to whatever minister is acting in his behalf. Has the government yet decided whether or not it will go ahead with the plans for the completion of the works for the upper Thames valley authority?

Hon. W. E. Harris (Minister of Finance): I will do the same, Mr. Speaker.

NATIONAL DEFENCE

REQUEST FOR SETTING UP OF SPECIAL COMMITTEE

On the orders of the day:

Mr. John B. Hamilton (York West): I should like to direct a question to the Prime Minister. In view of the continuing statements by Generals Simonds and Macklin would the Prime Minister not consider, even at this late date, the setting up of a special committee—

Some hon. Members: Oh, oh.

Mr. Hamilton (York West): —which perhaps could be given the power to sit even without parliament being in session, to have these military experts examined under oath in connection with the statements which they have made.

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker.

FISHERIES

NEW BRUNSWICK—LEGAL ACTION FOLLOWING DESTRUCTION OF SALMON FINGERLINGS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): May I direct a question to the Minister of Fisheries. Is the minister in a position to say now whether the government will be proceeding against the private company in New Brunswick with respect to the matter concerning the destruction of salmon fingerlings?

Hon. James Sinclair (Minister of Fisheries): Yes.

Mr. J. C. Van Horne (Restigouche-Madawaska): Does the Minister of Fisheries not think he is going too far with all this foolishness about Forest Protection Limited? Why does he not consider the tremendous work they are doing in protecting our forests?

Mr. Sinclair: The opinion of our staff and our legal advisers is that it was negligence when this company, which is partly supported by both federal and provincial government money, did for the third time spray our hatchery. It is on this ground we are taking action against them, in the hope it will not happen again, and to protect the very valuable fishing resources of New Brunswick.

Mr. Van Horne: Forest Protection Limited is not responsible for this.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

LEGISLATION

203. Estimates of the Sergeant-at-Arms, $715,836.

Mr. Green: These are the estimates having to do with the office of the Sergeant-at-Arms and I believe they include provision for the security police. I should like to ask Mr. Speaker why it is that veterans of Canada cannot be obtained for this job. Veterans preference is supposed to apply in all of the civil service appointments. These men have, as part of their duties, the taking care of the memorial chamber, and yet apparently it has not been possible to keep the force up to strength with veterans. Can the Speaker tell us why that is so, why it is is not possible to get men who served in the forces of Canada to carry on this work? It does seem to me to be setting a very bad example. That is the one place about this building, and perhaps the whole civil service, where veterans should be employed. Perhaps the Speaker could explain just what the situation is.

Mr. Speaker: Mr. Chairman, as I understand the situation, veterans are employed for any of the positions that may be available on the House of Commons staff, and that, includes, of course, the positions on the protective staff. We have several veterans on our force at the moment. I have not made a close check of the position but I would imagine that we have more veterans on our

force than personnel that is non-veteran. To my knowledge, every time there has been a vacancy, if a veteran has been found for the job he has always been given preference. I can assure the hon. member and all members that it is always our aim to give preference to veterans and, whenever possible, to hire them. I know there was a case not very long ago where a promotional contest took place, and it might have been felt that a veteran should have had the promotion. But the civil service commission, when it organizes those promotional contests, deals only with the people who have reached the stage where they may be eligible for the contest itself, and it so happened that a non-veteran took the promotion. But when we hire people we always give preference to a veteran.

Of course, if the hon. member has a particular case in mind I would certainly be delighted to look into it but, as I understand it, the policy has always been to give preference to veterans and to hire veterans whenever possible.

Mr. Green: Well, from the time that I first came here 21 years ago practically all of the men on the security force have been veterans. After the second world war, veterans of the second world war were added to the staff and after the Korean war some veterans of the Korean war were added, but now the practice seems to be to engage civilians. If Mr. Speaker will check the situation I think he will find that that is so. These men are guiding thousands of visitors around this building, showing thousands of visitors both from Canada and the United States through the memorial chamber and, of course, over the years hundreds of thousands. Surely, if there is one place in Canada where veterans should be employed it is on that particular job. I hope that Mr. Speaker will look into this situation and see what can be done to bring about the result that we have veterans of Canada serving in these jobs.

Mr. Speaker: I fully agree with the hon. member. I assure him I will look into it.

Mrs. Fairclough: Mr. Chairman, it is possible that I should have brought this matter up on item 202. Perhaps I can have the indulgence of the Chair to mention it. Just the other evening there was a telecast from the House of Commons which I understand represented the sixth occasion when various parts of the House of Commons were filmed. I am informed that there are now about six half-hour films available—I do not know in whose possession they are but since permission for taking the film was given by the Speaker he would probably know.

I have long felt it is regrettable that school children from remote parts of Canada cannot enjoy the privilege of visiting the parliament buildings, this chamber and the Senate chamber, to see how legislation is passed in this country and to see also the beautiful buildings in which our government performs its function.

I am told that these six films which are now available could be made into a one-hour film for a very minor cost, a matter of a few hundred dollars. I wonder if Mr. Speaker would consult with the proper authorities whoever they may be—whether it is the C.B.C. or the national film board—to see if arrangements could be made to have this film produced from the existing films and then distributed or made available to schools and our interested parties across Canada so that if all Canadians are not given an opportunity of actually seeing these buildings in person they will at least have the opportunity of seeing them on film.

Mr. Speaker: Does the hon. member refer to six films that might have been taken a few years ago by the national film board?

Mrs. Fairclough: No, I think the last in the series was the one taken the other evening in the course of the live telecast from these buildings a portion of which, as I understand it, was filmed in this chamber.

Mr. Speaker: That would mean that either the C.B.C. or the national film board would have to take some extracts from these various films and make a mounted film. The suggestion was that it be distributed to schools?

Mrs. Fairclough: I suggest it be made available to schools on request and be advertised to the educational authorities as being available. As I understand it, it is merely a matter of editing to produce a one-hour film from the various short films now in existence.

Mr. Speaker: Has the hon. member seen the six films?

Mrs. Fairclough: No, but they have been telecast.

Mr. Speaker: If they were to make a mounting of it to make one film out of extracts from six films, would the hon. member consider that a committee of this house should look at the mounted film before it is released?

Mrs. Fairclough: Mr. Chairman, I have not made the suggestion without having had excellent advice to the effect that it is possible and that the films are appropriate.

Mr. Speaker: I will be very glad to look into it. While we are on the subject of television I might mention this. In the last two years I have been asked before the opening of the session whether it would be our desire to be televised, that is our part of the opening ceremony, together with the opening ceremony of the Senate, and since the house is always in recess when the request comes to me I have not taken the responsibility of saying yes. Would hon. members go along with that suggestion? I would like to have their advice now.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I think it is common knowledge among members of this house and its employees that the existing system by which the rooms are designated, the numbering of the rooms, is extremely confusing and also causes a great deal of inconvenience to people who come to the house for the first time and are looking for the rooms of certain members or various offices they wish to visit. I know from my own experience many people have wandered over almost an entire floor before they could find the office they were looking for.

Perhaps the best example I can cite is that on the fifth floor facing the elevators there is a sign which indicates that you will find rooms 501 to 586 in one direction and that in the other direction you will find rooms 599 to 560. That type of thing indicates that you can find rooms 560 to 586 in both directions simultaneously. It not only indicates the confusion which exists, it indicates the problem for those of us who are not accustomed to going in two directions at the same time as is the government. I wrote to Mr. Speaker earlier this year pointing out this matter of room numbering generally and asking him whether something could be done and also making certain other suggestions. I am wondering what progress has been made in that direction.

Mr. Speaker: The suggestion of the hon. member has been studied and an interdepartmental committee is working on it to see what can be done. Other suggestions have come in along the same lines. I think we all recognize that if some improvement could be made it would be most helpful.

Item agreed to.

204. Subscriptions to publications of the commonwealth parliamentary association to be distributed to members of the House of Commons, and to provide for the Canadian share of expenses of the commonwealth parliamentary association, $10,000.

Mr. Cardiff: Does this item cover the travelling expenses of members attending the meetings of the commonwealth parliamentary association?

Mr. Speaker: This item takes care of our contribution to the general council of the commonwealth parliamentary association which amounts to about $7,000, and in return we receive publications. The hon. member has probably received along with others the commentary on foreign affairs which is issued from the office in London along with other publications.

Item agreed to.

206. To provide for an allowance to the deputy chairman of committees, $2,000.

Mr. Hamilton (York West): I think this session has proved beyond any doubt the tremendous responsibility which falls upon the deputy chairman of committees. I hope that between now and next session Mr. Speaker will consider recommending to the government that the amount of this allowance be increased to at least $4,000.

Some hon. Members: Hear, hear.

Mr. Speaker: I agree most enthusiastically with the hon. member and I am glad that his suggestion has been so well received by the members of the committee. Not only do I think that there should be an increase in this allowance, I think there should be an additional deputy chairman appointed.

Item agreed to.

DEPARTMENT OF JUSTICE

A—Department—

166. Departmental administration, including annual contribution of $200 to the conference of commissioners on uniformity of legislation in Canada, $513,658.

Mr. Nowlan: Is the minister going to make a statement on the first item?

Mr. Garson: Perhaps the hon. member was in the chamber when my estimates were first called and I indicated that I had no statement to make on the first item. We then went on to deal with the items of the Royal Canadian Mounted Police. In that connection I undertook to get for the hon. member for Esquimalt-Saanich the date of the order in council dealing with northern allowances for the mounted police. I find that that was passed on October 7, 1955. I would suggest, however, that this morning we might start with the estimates of Justice proper, as the commissioner is on his way into Ottawa and will be here later this morning, about an hour from now.

Mr. Nowlan: This is the first item of the Department of Justice estimates. As the minister says, we have been considering other items in this department prior to this. It is not my intention to take very much of the time of the committee this morning on this first item. Although it is usual to discuss in general the affairs of a department on the opening item, this department is in a somewhat different situation possibly from some other departments, and this is particularly so this year because there have been various commissions that have reported, and the minister, I know, has not had time to deal with those commission reports as yet. I think that perhaps some criticism could be levelled at the minister and at the department for having allowed matters to drift along too long without making reconstructions in the Department of Justice, particularly in so far as penal matters are concerned, to bring the administration more in keeping with modern trends and modern conditions; but this year the minister has, I think, given direct attention to those matters. He has had the Fauteux commission report. There has been the committee from this parliament on capital and corporal punishment, which has been sitting for a long while and which is finally making a report. There is also the matter of insanity as a defence and what part it is going to play in the administration of our criminal law.

All of those things are now, one might say, on the minister's desk, and I presume he will give them all careful consideration. We, at least, of the opposition are prepared to give him time for that purpose Therefore I am not going to spend any great time at all this morning in dealing with those matters, although it is open to any hon. member so to do. Perhaps it could be done more profitably in the next session of this parliament, when the minister will be in a position to advise the house, by statement and, I hope, by legislation, just how much of these reports he is proposing to enact. So we let these matters stand for the moment.

There are one or two matters that I think should be emphasized. The other day I noticed the announcement that the proposed women's jail, or penitentiary—call it what you will—at Collin's Bay has been suspended. I believe that tenders had been advertised for, but I am not sure whether contracts have been awarded, and the matter is now in abeyance pending a conference between the minister's department and the provincial authorities on the administration of criminal law. I can see why that step probably should have been taken. As a matter of fact, as the minister well knows, very strong objection was taken by the Elizabeth Fry society and other associations to the principle of confining all the women in one central penitentiary in Canada. I believe that the practice heretofore has been to have them confined in Kingston penitentiary. For many years they were confined in part of a wing in which men were accommodated as well. Then, in about 1910 or some time after that, a block was added to the south block of Kingston penitentiary, where a certain number were accommodated; and latterly one was built outside the confines of the penitentiary itself. I am told that at times there are something over 100 women confined there, although the number is less than that now, and that half of them are probably drug addicts.

Information from the brief of the Elizabeth Fry society which I have seen points out—in fact it quotes the Minister of National Health and Welfare dealing with the drug addict—that in the matter of treatment we move women here, say, from the west coast and that they are confined in the penitentiary for two years or whatever it may be. Then they are given a ticket home. They get as far as Toronto. They sell the ticket and exchange it for drugs and away they go again.

There is also I think a legitimate criticism because it is difficult, if not impossible, for the families to visit the women that come from the east coast or from the west coast and are confined at some central point. Personally, I am very glad to see that the construction is not being proceeded with at the moment. I would hope that, when the minister has this conference with the provincial authorities, some system can be worked out whereby we can avoid the bringing of women to some central point and locking them up there, as has been the practice heretofore. I think it might be better if arrangements could be made with the provincial authorities so that they could be confined at some provincial institution. It is better for their own rehabilitation and I think it is better for the administration of justice as a whole.

Certainly, on the matter of probation, which is also before the minister, I hope definite action will be taken along that line in the near future. That is something which has been a black eye in so far as the administration of justice in this country is concerned. We have lagged behind other countries not only from the standpoint of rehabilitation, in my opinion, but also from the standpoint

of cost as well. In the press last week I noticed a statement by Mr. Coughlan who is, I believe, director of probation for the province of Ontario. Putting it merely on a financial basis, he says this:

> To lock a person in the federal penitentiary costs the taxpayer $1,760 a year. To keep an eye on him through a probation officer costs $50.

According to the department figure, it costs $50 a year to have him properly supervised under a proper probation system. Of course, we know that there are cases and cases and that probation may apply to one and not to another. But certainly we should develop that system much further than it has been developed in the past. I also noticed in the press a report by Chief Justice Pickup the other day in which he was dealing with this matter and in which he pointed out the merit of probation and of suspended sentence, and recommended that they be extended much further than has been the case in the past.

This is going to be an interesting year, I think, in so far as this department is concerned. There should be many changes and innovations adopted or at least tried, considered and submitted to this parliament for action another year. When next year comes I am sure that we shall be alert. I will only say this to the minister. If some action has not been taken on these various matters, I think he can expect a careful scrutiny of his department and a critical one at that. We of the opposition feel that it is this year in which these various actions should be taken.

Without letting the minister off with no criticism of the department at all, may I say this. I notice something which I am sure the minister read as well. I am directing his attention now to a little article in the *Canadian Bar Review* of February of this year by Mr. Bora Laskin a noted legal authority. He discusses—and I think properly so—rather critically the action of the Department of Justice in dealing with the Anaconda American Brass Ltd. appeal. As you will recall, Mr. Chairman, that was an appeal taken by the Minister of National Revenue on a decision of the National Revenue Department wherein our court originally held that the department was not justified in taxing the appellant. The matter was taken to the Supreme Court of Canada and the Supreme Court of Canada held that the department was in error and that the taxpayer was right. Then, forsooth, the Minister of Justice—or at least it would be carried by the Department of Justice although I presume on the recommendation of the Minister of National Revenue or his officials—took the case to the privy council. You have the situation whereby our Department of Justice boasted of the fact that we had thrown off the last vestiges of colonialism and we had established our own supreme court as the paramount court in the land, which has denied to everyone else the right of appeal to the privy council, but yet because there was just a little bit of time left in which, legally, this appeal could be entered, they took the appeal to the privy council, and then forsooth the department went before the privy council. I think that fact puts the Minister of Justice in a somewhat anomalous position when we have this mighty court,—and I am not saying this sarcastically because it is a good court—the court of which he boasts, the court which he described as being our final court and the court which other appellants would not be allowed to go beyond, nevertheless we have this appeal taken to the privy council. I think it would have been much better for the Minister of National Revenue to have dealt with this matter by statute, if necessary, and to have had a statutory change made in the law rather than to have appealed to the privy council and to have had our own supreme court reversed in this way.

There is only one other matter which I would ask the minister to deal with when he speaks. I think he promised a statement on this matter. I may say that it does not come under the first item. He has had the matter before him in dealing with the alleged brewery combine in Canada. He was asked for a report. I understood he said that he was waiting for a report from counsel. I understand that report has been received. I wonder if the minister will tell us at the appropriate time what action, if any, his department proposes to take with respect to the matter.

Mr. Garson: Mr. Chairman, I do not intend to take up any great amount of time but I think that I would be singularly lacking if I did not express my appreciation of the attitude taken by the official opposition and, I believe, by all the members of the opposition in relation to this question of securing proper and adequate penal laws for Canada. This is just another example of the non-partisan attitude which all of the parties in this house—I think to their own very great credit—have displayed on this matter from the very beginning.

I must say that up until the present time the progress which we have made has been fairly satisfactory and creditable. The other day in Toronto *Saturday Night* there appeared an article by a police magistrate. I may say it was not written by a man who had the prejudices of a lawyer. It was written by Mr. Haig-Brown who in addition

to being a layman police magistrate is a distinguished writer and who brought to a criticism of these new laws the, shall I say, more unprejudiced viewpoint of a layman, speaking as to how they would affect the people of Canada. This is the way in which he sums up the effort which this house made in revising the Canadian Criminal Code. One of my reasons for quoting this article is that he puts his finger upon what I think is one of the most important features in dealing with a law of this kind in such a way as completely to meet the criticism which has just been made by the hon. member for Digby-Annapolis-Kings who has just taken his seat. This is what Mr. Haig-Brown has to say after having seen the new code in operation for over a year now and having taken part, as a police magistrate, in its administration:

> Even at this early stage, I believe it is clear that the new code is simpler, fairer and easier to administer than the old one. I have an uneasy feeling that it is in some respects over-cautious, even timid, in recognizing advances in public thinking and in the changing face of Canada. There is a great deal of room for leadership by the central government in improving both the penal and the court systems of the provinces. It would have been good to have seen, for instance, much sharper recognition of the probation system and of special institutions for younger offenders. The hopelessly antiquated costs system in the magistrates' courts should have been abolished and some sensible alternative established. And it should never be a matter of routine for a Canadian citizen to wait three months for his trial, as must a man I committed on December 2, 1955, for trial at the spring assizes of March, 1956.
>
> If I find fault in these matters, I do so with the utmost respect for the skill and integrity of those charged with the enormous task of revision.

This next sentence I would strongly recommend for the consideration of my colleagues.

> A nation's criminal code is no suitable toy for the rebellious or hotheaded, or even for idealists in advance of their times. It is a document founded on the wisdom of hundreds of generations, to be advanced only cautiously, through deep and painful thought and clear experience. To have simplified, clarified and broadened the nation's criminal law so extensively while dropping over 400 sections, without the least sign of failure or dislocation, must be reckoned a major Canadian achievement.

I should like to bear testimony, Mr. Chairman, that that is a Canadian achievement in which all parties in this house, and particularly those serving these special committees, are entitled to their full share. It is only by the non-partisan attitude that was displayed by those members, by this house, and on this present occasion by my hon. friend from Digby-Annapolis-Kings, that this result has been achieved. But I think we should take the same attitude towards these other matters in which we are sometimes criticized for being guilty of some delay. The whole question of what the provisions of the penal law of Canada should be and as to the way in which that penal law should be administered is, I suggest, one which should be an integrated whole. When my hon. friend criticizes us in the Department of Justice for doing the proper thing a little bit late may I, and I shall do it as courteously as I can, repudiate that criticism.

I believe we have proceeded as rapidly as we could having regard to the fact that the subject matter is, as Mr. Haig-Brown suggests, a document founded on the wisdom of hundreds of generations, to be advanced only cautiously, through deep and painful thought and clear experience. I am confident that upon reflection my hon. friend will agree with me this is the proper attitude in which to approach a matter of this kind.

What is it that we have done? We came to the conclusion that there was no purpose in concerning ourselves with reforms which may be made to the code and penal laws of Canada until we had first put those laws in a clear and understandable form. Having regard to the fact that the Criminal Code of Canada had not had a consolidation or overall revision for over 60 years, we conceived that the first step in this deliberate process was to consolidate the code. In this way we would know what the existing law was and have it in clear form so it could be understood by all members of the house and those citizens of Canada who might be interested. Then, having secured that—and it took five years of hard work taking into account the number of years spent by the royal commission, then by committees of the house and the two chambers of the house—we addressed ourselves to the question of those respects in which that law might be reformed. Our intention was from the beginning to cover the whole field of criminal law, criminal law administration and penal reform in Canada.

Now, with that in view and having had the Criminal Code consolidated, we set aside for special consideration by a joint committee of the other place and this house, the subject of capital punishment, corporal punishment and lotteries. We just received a couple of weeks ago the report of that committee.

Then, simultaneously and not in any desultory or accidental manner but quite deliberately, we set up two commissions under Chief Justice McRuer of the high court of justice for the province of Ontario, to deal with two related questions, insanity as a defence to a charge involving criminal responsibility, and criminal sexual psychopaths. We expect that the two reports from those two commissions will become available this fall.

We also sent to the Fauteux committee the task of examining the whole field of penal reform in Canada, including on the one hand those important subjects of our own responsibility, remissions and tickets of leave, and upon the certain other aspects which, as my hon. friend from Digby-Annapolis-Kings correctly pointed out can only be introduced by the provinces.

This Fauteux report has now come to hand. Within 24 hours of the time it was received in our department from the queen's printer it was tabled in the House of Commons and at the same time letters went out to the attorneys general of the provinces sending them copies of the report and asking them to consider with their colleagues the position they might take in relation to the recommendations of this report in order that we might later get together and consider the manner in which it could be implemented.

This report has 21 recommendations which can be implemented only by the federal government; four which can be implemented by the provincial government; 16 which must be implemented by both the federal and provincial governments; and three which can be implemented by the courts. In those circumstances it seems to me, and I would ask the indulgence of my colleagues in the house to agree with me in this regard, that the only way that affords any real hope of getting a good law which can be well administered is to carry along with us the judgment of those whose responsibility it will be to administer this law after it is put on the statute books. The British North America Act, paragraph 14, section 92 reads this way, that amongst those matters for which the provincial authorities have exclusive jurisdiction are:

> The administration of justice in the province, including the constitution, maintenance and organization of provincial courts, both of civil and of criminal jurisdiction and including procedure in civil matters in those courts.

So that, so far as the criminal law we pass here is concerned, the only way in which it can be effectively administered is by the provincial authorities. As we all know a law is, generally speaking, not very much better than its administration. Our authority here, under paragraph 27 of section 91, is addressed to the criminal law, except the constitution of courts of criminal jurisdiction, but including the procedure in criminal matters.

When we have, therefore, received all of these reports—we are expecting two from Chief Justice McRuer this fall and we already have the report of the joint committee of parliament and the Fauteux committee—we will have the whole field of criminal law and penal administration covered in those reports, other than that which has already been taken care of in the consolidation of the code. We will be in a position, in consultation with the provinces, to lay the whole of this material before these provincial administrators in the hope of securing the invaluable assistance of the views of these people who have had practical experience in the administration of the criminal law. Without such practical advice I do not think that a group of theorists, no matter how able they may be, can produce a really good result.

I mention these things to repel the idea that we have just been drifting along and letting things take their course, and that the reason that we are dealing with these matters now instead of six, seven or eight years ago, is some fault of the Department of Justice. That is not so.

We started our program faced with this fact, that we could not expect to get much co-operation from the provincial governments in the matter of penal reform if we had not to the fullest extent that we could within our own authority put our own house in order by implementing those recommendations of the Archambault report which we could implement. We first implemented those recommendations. Then we set up the royal commission to consolidate the Criminal Code, and as soon as that task was finished we set up those other committees and other commissions. Now, we have all the reports and we are in a position, as a result of a campaign of over eight or nine years, to bring this whole matter to a completion in collaboration with the provincial governments whose advice to us in the matter of drafting the law in the first place is invaluable and whose assistance is completely indispensable in making the criminal code a law which in reality is capable of administration. We cannot get along without provincial co-operation. That is the reason we have adopted the action which we have taken. There has been no delay. The whole matter has moved forward to the present stage as a matter of deliberate planning. If, in the meanwhile, we have not implemented the recommendation of the joint committee with regard, for example, to appeal as of right in capital cases to the Supreme Court, it is because on this particular subject, along with all of these other matters, we think it should properly be discussed with the provincial authorities before we undertake to pass any laws in relation to it here without any prior consideration of it at all by those who will administer it.

Mr. Winch: Mr. Chairman, I have been very much interested in the remarks of the Minister of Justice. It is not my intention to

hold up this item too long, but there are a few aspects that I would very much like to touch on.

First of all, as far as the joint committee of the Senate and House of Commons on capital and corporal punishment and lotteries is concerned, I want to agree completely with the minister that in all the years I have sat on committees I never saw one in which there was such an aspect of non-partisanship. Everybody endeavoured to tackle the problem according to the terms of reference. However, sir, we now have on file in this House of Commons the three reports of the joint committee on capital and corporal punishment and lotteries. We have also on file in this house the report of the Fauteux commission that regards parole and ticket of leave, and other aspects of penology. It is obvious that these reports are not going to be considered at this session. I think, sir, that is quite understandable because I agree completely with the minister when he says that there is in all reports not a conflict of jurisdiction but a necessity of co-operation in jurisdictions as far as the federal, the provincial and the judiciary are concerned.

It is my understanding, Mr. Chairman, that, in addition to what has already been said by the Minister of Justice in the past few minutes, it is his intention in the latter part of this year to call a conference at which all of these reports will be discussed and some agreement reached and upon the results legislation introduced at the next session both from the federal and the provincial level. I am sorry, Mr. Chairman, that it is impossible to have any speedier action than that. I will say I do not think the minister can do anything else except what he is doing in that regard. However, I do think at this time certain statements should be made.

It was a great privilege for me to be a member of the joint committee for 2½ years; but under the committee rules of procedure in the House of Commons a minority report cannot be brought in. I want to make it very clear to the minister through you, Mr. Chairman, that although it was a very good committee and all discussions were on a non-partisan basis, I cannot agree with all the recommendations brought in. I make the very definite statement that in my opinion, some of the recommendations cannot be substantiated by the two years of evidence that came before the committee. That being so, I would like to make a suggestion to the Minister of Justice that while his department is giving consideration to the recommendations that have been made by the various committees and commissions that have now reported, at the same time his officials be told to see whether or not the recommendations can be substantiated by the evidence that was given before the committee. I think that is very important, sir.

I am not going to take the time of the committee to go into any detail but I am going to make this statement as a member of the committee and one interested for a long time in capital punishment. The evidence that was received over two years will not back up the statement of the committee that capital punishment is a deterrent, because all of the evidence from countries that do not have capital punishment compared with those that have shows there is only the slightest variation. It is so insignificant that it should not even be considered as conclusive proof, not only in the countries that have capital punishment, but in the six states of the United States that have abolished it for many years.

The major influence on those who supported capital punishment was the protection of our police officers. Until 18 months ago there was no study undertaken about the position of police officers as between abolishionist and retention countries, but a study was made by Professor Thorsten Sellin and the information and findings filed with the committee. The only statistical information ever obtained proves that capital punishment is not a protection for police officers. That is all I am going to say about it, but it is why I hope that in the studies that are now going to be made before the conference is held, I understand sometime in November, they will consider the evidence as well as the recommendations.

I have something in addition to that, Mr. Chairman. Because under the Criminal Code there is still capital punishment in Canada, and there will be for some time, I would like to ask the minister through you, Mr. Chairman, and the Solicitor General and the remission branch to give very careful consideration to how executive clemency is exercised. I know, Mr. Chairman, that the minister, because the remission branch comes under his department and because he knew the committee wanted the fullest possible information, as to how executive clemency was exercised, made a full report that is now a matter of evidence before this house.

Sir, I completely fail to understand, although I have heard the explanation of the Minister of Justice and have re-read the evidence, how a decision is reached, on a logical basis, concerning whether or not executive clemency will be granted. I am not speaking just as a theorist nor am I speaking from emotionalism because I always try to study these matters before I make any statement or recommendation.

To me it is most difficult to understand, in view of the information contained in the report which is now a part of the proceedings of this house, how a young man who commits premeditated robbery and premeditated murder can get executive clemency when someone else, with a psychologically bad background, who in the heat of passion and drunkenness shoots his step father, who has told him he will not be permitted to marry his step daughter and is alleged to have raped her, is hanged.

I fail to understand why another person with a bad psychological background who is known as a brutal man and kicks a man to death in a fit of drunken brutality urged on by people around him hangs whereas others —I am not going to mention names at any time—who commit murder in the course of premeditated robbery are given a life sentence.

I am not going to say anything more on that matter except to tell the minister through you, Mr. Chairman, that after a thorough study of all the types of cases I have referred to I quite honestly cannot help but come to one conclusion. I do not like to say this but I am going to say it. I cannot help but wonder whether executive clemency is not based on the flip of a coin; heads you die and tails you live. On no other basis can I make any sense of the exercise or non-exercise of executive clemency as far as a number of capital cases are concerned especially several which occurred in western Canada in the past two years.

Mr. Chairman, I did not like to say that although I felt compelled to say it in order to ask that, until a decision be made by parliament at the next session or at a future session on the question of capital punishment, perhaps a second thought be given to the question of the exercise of executive clemency as to whether a man hangs or gets life imprisonment so that perhaps it will be placed on a more sensible basis as to who lives and who dies as long as we follow the principle that if an individual takes a human life society has the same right in relation to the offender's life.

There is only one other point I want to raise. As I read the report of the special joint committee of the Senate and House of Commons and the Fauteux report, there are certain aspects or recommendations that do not require legislation and do not entail statutory action on the part of the federal government or the provinces. There are some recommendations especially in the Fauteux report that can be put into effect by regulations under authority that already exists. I have not had an opportunity of discussing this matter with the minister but I sincerely hope that beneficial recommendations upon which action can be taken without legislative authority will be considered and that he will not wait until the conference is held in November, or whenever it is planned to be held, and that he will not wait until there will be a meeting of the provincial parliaments or the federal house. I think that is a normal and a good request.

Mr. Chairman, in order that I will not be misunderstood I am going to close my remarks with this thought. Criminals cannot and must not be coddled; if they break the laws of society they must be required to pay a penalty. I am not a person who waxes emotional because a person is a criminal; I have just as much feeling toward those who are hurt as toward those who do the hurting, if not more. Experience in modern penology throughout the world has proven that some of the methods used in the past are not the best methods and that those methods, some of which are in use at the present time, are most offensive.

I personally appreciate the studies that have been made under the authority of the minister concerning the question of penology and I believe if Canada can catch up to modern penology we will save not only a number of lives but a great deal of the taxpayers' money.

Just as I changed my mind in the committee more than once, I hope the Minister of Justice will change his mind more than once when considering the report and in undertaking to do what can be done now in the way of following their recommendations; and in checking on his remission branch the reports of which we now depend, although we know the final authority does not come from the remission branch at all.

The minister has a great and a grave responsibility. I look forward at the next session, whether it is before or after an election, to commending the Minister of Justice on the action he takes now that he has the reports in his hands.

Mr. Garson: I wonder, Mr. Chairman, if there would be any objection to our proceeding with the Royal Canadian Mounted Police items at this point because the commissioner is here and we have already started on them. This will not take very long and we can then go on with the second item of justice. If the hon. member for Vancouver-Quadra wishes to make a few remarks on

item 166 I will have no objection but if we could revert to the Royal Canadian Mounted Police following that I think it would be better.

Mr. Green: If the minister wants to carry his first item my remarks could apply to the first item of the Royal Canadian Mounted Police equally, as well as to the item of justice.

Mr. Garson: May we consider that we are on the first item of the Royal Canadian Mounted Police?

The Deputy Chairman: For the benefit of the Chair is item 166 carried?

Some hon. Members: Agreed.

Item agreed to.

Royal Canadian Mounted Police—

Headquarters administration, national police services and training establishments—

396. Administration, operation and maintenance, $6,735,362.

Mr. Green: When the minister first returned to the house I asked him about the policy being followed this year in British Columbia by the mounted police in refusing to issue permits to prospectors, geologists and men engaged in that type of work for the carrying of revolvers. This question will be found at page 5981 of *Hansard* of July 16. On that particular day the minister replied that he had run across two or three cases where permits had been refused under such circumstances, but it seemed to him the police had exercised their powers properly.

The following day the minister made a much fuller reply, to be found on page 6053 of *Hansard*, in which he pointed out that section 90 of the Criminal Code permitted no one to carry a revolver without obtaining a permit. The minister then went on to deal with section 94 which authorizes the issuance of permits. In effect his answer was that it was not the responsibility of the mounted police to decide whether these men should get permits, but that in a province it was the sole responsibility of the provincial attorney general. He suggested rather naively that I should send my question on to Hon. Mr. Bonner who is the attorney general of the province of British Columbia. On checking section 94 which provides for the issuance of permits I find that it reads as follows:

(1) A permit in form 42 may be issued by

(a) the commissioner or a person authorized in writing by him, or

(b) the attorney general of a province or a person authorized in writing by him.

That part of the section clearly gives the commissioner of the mounted police or any person authorized by him the right to issue a permit equivalent to the right given to the attorney general. Each of them is given the same authority. I do not know where the minister gets his backing for the statement that in the province of British Columbia only the attorney general or someone authorized by him can issue a permit. Section 94 goes on to provide:

(4) A permit in form 42 shall be issued only where the person who issues is satisfied that the applicant for the permit requires the firearm to which it relates

(a) to protect his life or property,

(b) for use in connection with his profession or occupation.

The next clause (c) is not material to my submission. The first two clauses clearly give the power to issue permits to men engaged in occupations of this kind. I am told by the British Columbia and Yukon chamber of mines of Vancouver, which is a thoroughly responsible organization which has carried on for many years, that for at least 25 years it has been the practice to issue permits to prospectors and men carrying on activities of that kind. The chamber of mines wrote to Mr. J. R. W. Bordeleau, superintendent, officer in change, C. I. B., Royal Canadian Mounted Police, Victoria. The letter is dated June 4 and reads in part:

The officials of this organization cannot understand the reason why your department has taken such drastic action. For at least 25 years, to my knowledge, prospectors and other such persons have been allowed to carry sidearms in British Columbia and the Yukon Territory.

The letter then goes on to set out the reasons why this has been done, as follows:

1. In many instances, prospectors who are working in rugged, mountainous country, in isolated areas, must depend on sidearms both for protection and survival, including the shooting of small game for food. In many cases prospectors have used their sidearms for signalling for assistance.

2. To most prospectors and geologists travelling over long distances, through rugged terrain, weight is a vitally important factor. Some prospectors carry rifles, but others working in particularly difficult areas, cannot afford to carry the extra weight and cumbersome equipment.

3. Many modern prospectors and engineers, when in the field, carry in their hands other tools that are essential to their profession, such as a prospector's pick, geiger counter, compass, dip needle or magneto—meter for locating ore bodies—steel tapes for running survey lines, etc. In such instances, the sidearm must take the place of the rifle.

We all know that what is set forth in that letter is correct. The chamber received a reply from Superintendent Bordeleau dated June 7, 1956, reading as follows:

I beg to acknowledge receipt of your letter dated June 4th, 1956 dealing with the issue of small arms permits to prospectors, mining engineers, geologists, etc.

The points raised in your letter have been carefully and sympathetically considered, but it is

pointed out that the issuance of such permits is not merely a matter of this office exercising discretion but rather of issuing such permits strictly in accordance with the provisions of the Criminal Code.

I suggest that the Criminal Code is wide enough, certainly the section I read, to cover these cases.

It is felt here that while there may be some justification for the arguments set forth in your letter, the law as it stands at present is not sufficiently elastic to allow the issuance of such permits to the category of individuals and for the purposes you mention.

We are at present in correspondence with our headquarters on the matter—

No suggestion that he is conferring with the attorney general.

—with the object of exploring the possibility of suitable amendments being made to the appropriate sections of the code which would, under appropriate conditions, permit the issuance of permits to the type of individual referred to.

It is hoped that in the near future we will be able to communicate with you again on this subject.

Not a word in that letter about the practice of issuing these permits for the last 25 years and not a word about a change having been made this year. I have here a copy of a letter written by a prospector at Ootsa Lake, British Columbia, to Mr. T. Elliott, manager of the British Columbia and Yukon chamber of mines under date of July 16 and reading:

I have talked to numerous prospectors here in the north, all of whom are on the warpath due to the stupidity of someone who evidently has no idea of what he is doing in prohibiting prospectors from carrying pistols while in the hills.

Has this dimwit an idea that prospectors ran around shooting people? Does he realize that with a prospector's pick in one hand, he must have the other free to climb?

He is unable to carry a rifle on that account. Whoever hatched up this stupid idea should be turned loose in a grizzly country and not allowed a gun.

We, the prospectors of B.C., ask that the chamber of mines take up this injustice with the proper authorities and have this law revoked. You can have this letter published if they will print it.

Sincerely yours,
Billy McNiell.

The Vancouver *Sun* sums up this situation very well in an editorial on June 25, 1956, entitled "Why Pick on Prospectors?":

We do not look for any drop in the crime rate as a result of the decision to deny B.C. prospectors the right to pack pistols. This has the sound of small-bore officialdom.

The average citizen, including the sportsman, has no complaint against Criminal Code restrictions upon the use of pistols and revolvers, the "concealed weapons" as our law classes them.

Prospectors and mining engineers, however, have a special need for hand-guns. The Royal Canadian Mounted Police, who themselves must often backpack through our wilderness, should be the first to realize it.

Unlike the fishermen, the farmer or the logger, the prospector usually travels alone and by foot.

[Mr. Green.]

And always he must travel light. Every additional pound in the packsack is a burden when a man is chopping his way through salal, or slogging it over the rockslides.

The pistol's a skookum tillicum—

That is a British Columbia word.

—to any prospector.

He knows grizzly bears don't attack men—well, not often that is. But there he is, miles away from another human and well, if that bear should be mean that prospector's bones will leach into this hillside before another human is likely to walk this way. Who wouldn't want to feel the comfort, however false a comfort it may be, of a revolver butt in his hands in these circumstances?

Let's remember too that a pistol is handy for popping off rattlesnakes. For example, there's the case of an Osoyoos prospector—

That is in the Okanagan district, as the minister knows, very near the United States boundary.

—who killed 39 rattlers within 100 yards of his claim.

Finally, and perhaps most important, the prospector who treks farthest into our wilderness must depend for much of his food supply upon game—which the law permits him to take under proper circumstances. What can take the place of a pistol for popping off fool hens for the frying pan? Not, we're sure, a three-foot long rifle strapped to that dismally heavy packboard.

We'd suggest a little fatigue drill for the bureaucrat who made this decision. Say, three runs up the side of Grouse mountain holding a pump shotgun above his head.

I have other letters from prospectors, but I shall not read them. I suggest to the minister that he accept equal responsibility for this situation with the Attorney General, as the Criminal Code intended that the commissioner of the mounted police should have the same powers as the Attorney General to issue these permits. There is no point in passing the buck to the Attorney General. The firearm permit is contained in form 42, which says:

This permit authorizes ..... of

..... to have a .....
(address) (insert type of
..... elsewhere than in his dwelling
firearm)
house or place of business for the purpose of

.....
(insert purpose for which permit required)

This permit is valid during the period .....

Then there could be a limitation on the period for which the permit is good.

I urge upon the minister that he take steps without further delay to see that this situation is remedied. I am sure he will agree with me that it is unfair to make these men go into the hills without permitting them to carry a revolver should they wish to do so. I only regret that most of the present summer has gone by and that these men who are the pioneers of Canada in these modern days are facing this handicap that has been placed on them so unnecessarily.

Mr. Herridge: I should like very briefly to support the plea of the member for Vancouver-Quadra on this matter because it is a matter of great importance to a number of persons in my constituency, particularly prospectors, trappers, timber cruisers and handicapped persons. The member has outlined the case very well, and there is no necessity for me to repeat his arguments. I support them completely and fully.

I might say, with respect to handicapped persons, that it is impossible for some of these people to enjoy going back into the hills or undertaking trapping, prospecting or cruising without being allowed to carry small arms. In my own case, I had been up to recent years given a permit year after year by the police to carry a revolver because I naturally could not climb a mountain with a revolver in one hand and nothing in the other. I think that applies to a number of people I know. I urge that consideration be given to these very sensible requests of these people who are making a contribution to our country.

Mr. Garson: I am very sorry indeed, especially in relation to the two amiable members who have just spoken, that I cannot agree with what they are seeking. That does not mean that I am in the least measure unsympathetic toward the prospectors, because I am very fond of outdoor life myself. I have travelled a good deal through the bush, at least enough to appreciate the value that a revolver could be to these prospectors.

However, the difficulty here, as I endeavoured to explain before, is this. Where we have this parliament with the authority to pass the Criminal Code, the provincial authorities with the responsibility for its enforcement, and an agreement as we have with the province of British Columbia under which our police force is made available to the provincial attorney general in order to help carry out their responsibility for the enforcement of the Criminal Code, it would just be monstrous if in that province the Royal Canadian Mounted Police would be attempting to administer at one and the same time the revolver permit policy of the attorney general of British Columbia on the one hand and the revolver permit policy of the federal Department of Justice on the other. This would be a fit subject for a Gilbert and Sullivan opera, not for any situation in real life.

As a matter of fact, the only way in which the taxpayers of this country can have the very great advantage indeed of having one police force act for both the provincial government and the federal government in eight out of the ten provinces of Canada is that we in Ottawa shall be meticulous in respecting the full jurisdiction of the provincial authorities.

If these prospectors' needs are as great as the hon. members have indicated they are, then I cannot for the life of me see why the attorney general of British Columbia, as the head of the Royal Canadian Mounted Police in British Columbia in relation to all matters of the administration of criminal law in that province, cannot instruct the police force there, under these circumstances that have been outlined, to grant these permits. It would certainly be a bad state of affairs if, he having decided not to issue these permits, I should be attempting to instruct the same police force to disregard his viewpoint and to carry into effect our policy in respect of a matter which comes under his jurisdiction.

I was asked questions when I was last in Vancouver, about certain reports being made by the Royal Canadian Mounted Police at the request of the provincial government that I should make them public, since I had access to their confidence. I have no access at all to them in relation to the matters that come under the provincial authority. The only way in which we can have this worked satisfactorily—indeed, the only way in which we could administer criminal justice generally—is by the two levels of government respecting the respective authority of each.

Mr. Green: The minister is responsible for the Royal Canadian Mounted Police. This letter was written to the superintendent in Victoria over two months ago. All he had to do was pick up the telephone and phone the provincial attorney general to find out whether it was British Columbia government policy that these men should not be issued revolvers. All the Minister of Justice had to do on July 16, when I asked him that question, was to have the R.C.M.P. checked in Victoria to find out what the situation was. He cannot get up here today and say that a mounted policeman in British Columbia is one kind of mounted policeman and a mounted policeman in Ottawa is another kind. It is all the one force.

Mr. Garson: I never said that.

Mr. Green: I have the floor.

Mr. Garson: I am rising on a point of privilege. My hon. friend is attributing to me a statement that I did not make, that I said "A mounted policeman in British Columbia is one kind of mounted policeman, and a mounted policeman in Ottawa is another kind of mounted policeman." I never made any such statement at all, and I am sure that my hon. friend will agree that I did not.

What I said was that where there is a police agreement, as there is in the case of British Columbia between the government of British Columbia and the government of Canada, under which we agree in consideration of the payment of a large sum of money every year to make available the Royal Canadian Mounted Police force to the provincial attorney general to the end that he may be thereby assisted to carry out his responsibilities that police force when it is acting in that regard is acting under his control and not under mine. It would be a fine state of affairs if, in derogation of this agreement, I were instructing the mounted police to pay no attention to the attorney general of the province in the face of the fact that one of the terms of the agreement is that it shall carry out his wishes in the enforcement of justice in that province.

Mr. Green: The minister is responsible for the efficiency of the mounted police force. It seems to me to be extreme inefficiency for them if they did not take this question up with the attorney general at once, as soon as the complaint was received from British Columbia.

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

Mr. Green: Just a minute. I am making these remarks.

Mr. Garson: Will my hon. friend permit a question?

Mr. Green: Yes.

Mr. Garson: How does my hon. friend know that the police officer in question did not phone the attorney general and that he was not told by him that he did not want to have a permit issued?

Mr. Green: If that was the case, we should be told so here in the house. That is what I want to know. I want to find out who is responsible for this ridiculous situation. If the mounted police know that the provincial attorney general is responsible, let us be told that here. Then we can go after the provincial attorney general. But the mounted police officer, when he replied to the letter of the British Columbia and Yukon chamber of mines, did not say he was writing to the provincial attorney general. He said he was writing to Ottawa. I would say it is the business of the mounted police, if they are directed efficiently, to clear this thing up with the attorney general and with the justice department. There is no justification for their doing nothing about it.

There is something to be said for the minister's argument that he does not want to interfere with the provincial attorney general. But why did not the mounted police go ahead and investigate this thing and find out who was responsible for this change of policy? Do the mounted police today know who is responsible? Did that order go out from Ottawa or did it go out from the attorney general in Victoria? The mounted police must know that, and we should be told. All I am trying to do is to get to the bottom of the situation and to find out who made this fool change in policy.

Mr. Herridge: That is the point.

Mr. Van Horne: Mr. Chairman—

Mr. Green: Wait a minute. I am getting an answer.

Mr. Garson: Mr. Chairman, the officer in British Columbia to whom my hon. friend from Vancouver-Quadra has referred has not written to me as to what he should do in the matter. In any case in which the matter concerning which he was writing had to do with the question of the policy to be followed by the attorney general of the province, our reply to him would be that this was a matter of provincial policy in respect of which he should take the direction of the attorney general of the province. That is the only possible attitude that we could take. Suppose that, for example, in the province of Ontario where there is no police contract we did not follow the practice that we do follow, of only issuing these permits with respect to interprovincial matters and express officers and so on who are travelling across several provinces, and suppose that in spite of the fact that the attorney general of Ontario did not issue any permits, we started issuing a great many of them from Ottawa in derogation of his policy. Is that the way in which to promote good relations between the two levels of government? I do not think so, and I am sure my hon. friend does not think so either.

Mr. Green: Did the minister say that Mr. Bordeleau did not write in to headquarters at Ottawa?

Mr. Garson: No. I am saying that he did not write to me.

Mr. Green: In his reply to the British Columbia and Yukon chamber of mines he said that he was writing to headquarters for instructions. I also point out that in that letter Superintendent Bordeleau said that there was required an amendment to the Criminal Code, that nobody had any power to issue these permits, presumably the commissioner or the mounted police or the attorney general, according to his letter.

Mr. Garson: All I can suggest is this, Mr. Chairman. The commissioner does not know, nor do I, whether or not this gentleman wrote

in. We can check on the matter and find out, and we certainly shall do so. But I can assure my hon. friend that if he did write in, in a matter having to do with provincial government policy, he would certainly be told, pursuant to the contract, that he should follow the direction of the provincial attorney general. For the life of me, Mr. Chairman, I cannot see why we should spend such a long time in this house debating this question when the whole thing could be settled in five minutes by getting on the long distance telephone, getting in contact with the attorney general of British Columbia and asking him point-blank what his policy is in this regard.

Mr. Green: May I ask the minister this question? Will he phone the attorney general of British Columbia at noon today and find out just what the policy is? That will settle the whole thing. Will the commissioner—

Mr. Garson: I am only suggesting that my hon. friend might have done this two or three months ago and thus have saved himself a good deal of trouble.

Mr. Green: It is not my responsibility to do that. It is your responsibility. Will the mounted police commissioner find out at noon just what correspondence he has had on this question?

Mr. Garson: Surely.

Mr. Green: Perhaps at 2.30 we can get some further information.

Mr. Garson: That is right.

Mr. Van Horne: Mr. Chairman, my remarks will be very brief. They have to do in general with the R.C.M.P.

The historic significance of the Royal Canadian Mounted Police is well known to Canadians. No police force is held in greater esteem nor regarded with greater pride or deeper satisfaction by the people it serves. It is indeed one of the finest police forces in the world. No other police force is so closely identified with the pioneering origins and progress of a country as is the Royal Canadian Mounted Police. It has preserved the many fine traditions of its origins and it has succeeded in attracting and maintaining a high degree of respect as an honest, efficient and dedicated group of Canadian men who serve their country, silently and often at great personal sacrifice, with dedication and a spirit of service not often seen in any field of endeavour.

Indeed, the force was originally intended to become another mounted regiment. The name was to have been "North West Mounted Rifles". Legend has it that, when Sir John A. Macdonald realized that such a name might arouse distrust among our American neighbours of 1880, he took pen in hand and struck out the word "Rifles" and, in its stead wrote "Police". The force was not to number more than 300 men, all mounted and efficiently equipped, with, in Sir John's own words, "as little gold lace and fuss and feathers as possible". Ordinary constables were to get $1 per day, subconstables 75 cents.

In the famous westward march of 1874, Lt. Col. George A. French, the then commissioner, and his men performed a singular feat of human courage. They marched 781 miles from Red River and, except during the first 18 miles, did not see a human habitation beyond a few isolated Indian wigwams.

Inextricably interwoven with the history of the prairies and the growth of Canada, the force has made an outstanding contribution to peace and order and respect for law in Canada. Our Canadian heritage would indeed be the poorer had Canada not had a police force which fitted so well and so colourfully into the hard early and formative years of our country.

It has been my privilege to have served in the force. One other member of our party has also seen service in the Royal Canadian Mounted Police. Any member or ex-member of the force is always quick to recognize and to acknowledge the tremendous influence which tradition and the maintenance of high ideals of service have in all aspects of life and service in the force.

The present commissioner is to be congratulated on his forward-looking achievements since becoming commissioner of the force. Throughout the years, however, some unpleasant aspects of the military life of 1880 have been held over and have become not only cumbersome but detrimental to the recruiting of well-suited men and the keeping of these men in the service. If I were to put my finger on the most glaring example of how one holdover from the days of the great ride west prejudicially affects the force, I would have to deal with the anti-marriage regulations now in effect in the force. I am quick to agree that in 1880 the duties of the force were such as to require free wheeling and fast moving men, without kith or kin to consider. Isolation was often the keynote of service, and long, dangerous, lonely patrols were the essence of the work involved. These conditions, except in northern service, have long since vanished and our concept of freedom today does not tolerate any interference in the rights of men engaged in police work in regard to marriage.

Early in 1956 I read the following headlines in the newspapers: "Six R.C.M.P. Constables Fired for Marrying". The article goes on to show how the six couples had been secretly married for about a year. At social functions, the wives pretended to be girl friends. This was not a so-called "secret marriage ring" the article said. The members of the force had acted individually, but all had been married for some time. Why should they not be married, Mr. Chairman? May I point out the very detrimental aspects of this unnecessary, morally injurious and prejudicial regulation, for which there is no reason today.

Consider how this regulation limits the age of the recruit. It now requires, in most cases, five years' service and other qualifications before permission to marry may be granted. The ideal member is likely to be the young man who has completed his education and has had some experience in one or more fields of endeavour. By this time, the young man is in his early twenties and is looking for an opportunity to settle down, found a home and raise a family. I maintain this man is more often than not prevented and discouraged from joining the force merely because he cannot do so if he is married, and cannot get married for five years if he does. Often it is the bright young accountant or young lawyer, about age 28, who wants to make police work his life's endeavour. The F.B.I. in the United States has long limited recruiting almost exclusively to men of these professions. Here again he is prevented from joining because he is married or discouraged from joining because he has to postpone marriage for at least five years, which would make him 33 and that is too long to wait. Thus the R.C.M.P., by this morally wrong regulation, is depriving itself of the services of men most likely to be most suited and qualified. The force, by this unnecessary rule, limits recruits to very young men who, after joining, often soon find the occasion to get married.

Let me say this, Mr. Chairman. Under such influences as are found in life in the force, no such morally wrong anti-marriage regulations will stand for long in the way of love. Thus some members, like the six constables mentioned in the news item, live secretly wedded lives and must continue to do so if they wish to keep their jobs. I commend those men who would rather break a stupid anti-marriage rule in the force than live in the risk of breaking the laws of God in respect to morality in sex and marriage.

Will the Minister of Justice, who sits there with his glum expression, tell me what he has against marriage by members of the force? Does he not agree and recognize that the family units are the very basis of our society? Does he not agree that no reason whatever exists to punish our men in the force by denying them the natural right to found a family and live a peaceful married life? Is there a member of this house who disagrees with me when I say that the Canadian people do not want this situation to exist? The Canadian people want the members of the force paid increased wages to permit them to lead comfortable married lives and be permitted to marry as and when they please, with aid and encouragement from the force itself. I appeal to your sense of the value of morals to appreciate how this senseless regulation is inclined to affect sex morality in the force. This government is morally responsible for placing these young men in the force in a position where they cannot, without living secretly wedded lives, exercise fundamental, inherent basic rights of the human race.

One of the detrimental results not always apparent by reason of this regulation, which in a police force is morally wrong, is the terrific turnover in the personnel of the force. Many well trained, experienced and valued men in the force, rather than live a secretly married life or wait for years on end to get married. leave the force. This often occurs at a time when their services in the force have become most valued and needed. This regulation defeats and discourages recruiting of men and the retention of their services in the mounted police. Remember this: a distinction is necessary, because I refer not to the voluntary vows of celibacy for life in various religious institutions, and which we all recognize to be a way of life voluntarily accepted in the vocation of religious life. I say this because I know some Liberal members will try to twist and turn the meaning of remarks. Let us remove the barnacles from the force. I request, on behalf of the people of Canada, that the members of the force be paid higher wages and be permitted to marry as and when they choose. Let this government place the force in a position to hire and keep policemen. I realize that in some cases involving police work in small towns a member of the force may be permitted, under certain circumstances, to marry after three years. However, be it three years or five or seven years, as it was formerly, it is the concept of this curtailment of liberty which is wrong and which should be righted in the light of morality and the betterment of the force.

Another holdover from the regimental status of the force in the 1880's is the system of promotion. Now, the army system of promotion in Canada is good, although there is

room for much improvement. However, it is not the same system as existed in the 1880's. The old army system of promotion of 1880, presently practised by the force, does not meet the requirements of the force nor does it give sufficient recognition to the valour and efficiency of its members. It is, on the whole, entirely unsatisfactory. In the army today a private may become a corporal overnight. But in the R.C.M.P. it usually requires eight or more years' service. A corporal in the army today can become a sergeant in a matter of months, but in the R.C.M.P. it usually requires 15 or more years. Indeed, the majority of the members spend their entire careers in the force as third, second or first class constables and retire as constables. It will be readily seen that the present system of promotion does not provide sufficient recognition and acknowledgement for ability, efficiency, outstanding service or seniority of service.

Furthermore, in the public mind, the rank of corporal in the force is synonomous with the rank of corporal in the army. I have every respect for the army rank of corporal but we all know that, in the force, apart from the use of the same terms, the similarity ends. A corporal in the R.C.M.P. has already been a third class constable; a second class constable; a first class constable; and in some cases a sub-constable. He has also seen an average of 10 years of service; has become proficient in many branches of police work and has become an expert in some. His training has been extensive and his conduct and application to duty have been outstanding over a long period of time. Then, again, the corporal in the R.C.M.P. is normally in charge of policing an area, a district, county or town. He has usually several men under his command. He is like the chief of police in a given area. His work, his responsibilities, his influence place him in a position of honour and responsibility in the community. I suggest, therefore, that the term corporal be abolished and replaced by a term which more suitably designates and describes the duties involved and the meaning of the promotion, such as chief officer.

The same reasoning should be applied to all other terms used to designate rank and authority in police work below the rank of inspector. I do not intend this remark to apply to subinspectors, inspectors, superintendents, deputy commissioners, assistant commissioners or commissioners. You will note that in these commissioned officer ranks, appropriate names of rank for police work have been adopted, and wisely so. Why not recognize the same principle in regard to ranks below those of commissioned officer ranks? I maintain that a new importance would be given police work and a new and better recognition would come to members of the force if these two aspects of life in the force were altered along the lines I suggest. Recruiting would be helped. Better men, more educated men, would be encouraged to join the force, and fewer good men now in the force would be inclined to leave. This government and the people of Canada simply do not know and do not appreciate the real sacrifices imposed upon the men in the force by reason of these and other stupid regulations which have no reason for existing in 1956. They are holdovers from the regimental unit which the force was in 1880. The army of today would look silly with some of the regulations of 1880. Why punish the men in the mounted police by retaining those holdovers of 1880? Now, lest some Liberal again twists my remarks, let me say that the desired changes can be brought about without in any way detracting from the fine traditions associated with the force.

The force is out of date and out of step. Let the government give our men in the force a decent break and a fair deal.

Let me say a word on pensions. While in Edmundston the other day I was talking to a man who retired from the force some 10 years ago with the rank of sergeant. He mentioned to me that today a sergeant retired with about three times what he was getting. Does the government not think that it would be only fair to reconsider the pension scheme that has been applied to the force over the years and do something toward bringing up to date today the pensions that were given say 10 or 15 years ago. The men who retired on pensions some years ago are now living in almost pitiable conditions. The same thing applies here as applied to the men of the Canadian National Railways who are expected to live on $25 a month.

I am sure there is not one man in this house who disagrees with me. If we all agree that this is right, then it is only because the government lacks the courage to do something about it. Why not recognize that a man who has spent his life in the force is almost just as intimately connected with the administration of justice as a judge, or a lawyer in the employ of the government, and his training and ability, although on a different plane, are most important. Whereas a judge interprets the law and imposes sentence, the policeman enforces it and prevents its breach. If there is one singular aspect in connection with the mounted police today it is in the efforts they are making to prevent crime. Why not adopt the attitude that the members of the force should be considered in the same light as

other law enforcement officers employed by the Department of Justice who do not happen to be members of the force?

Today, in police work, as in all fields of law, specialization is the key and the order of the day. Gone are most of the old duties of the force, the patrolling of boundaries, the quieting of unrest on the reserves, the long prairie patrols. Those were great days in the history of the force of jobs well done, often under adverse and dangerous conditions. Great traditions were then embedded and have stood the force in good stead ever since. But today new duties and new specialties are required.

The F.B.I. in the United States has come up with a more realistic answer to the problem inherent today in police work. Canada, although a much smaller country, should not tarry in adopting, to a greater degree, the more modern and efficient methods used by the F.B.I. and Scotland Yard. This can be done without detracting from the traditions of the force in any respect. Police work today must be based on specialization and a keener atmosphere of service, and more encouragement must be provided. In this, the force falls short of the mark and more corrective methods are needed.

Pensions in the force are inadequate and should be raised. They should be made uniform and simple. The mumbo-jumbo that now exists in pension regulations should be more uniform and the force retain its marks of greatness. No one even suggests that the uniforms be changed or that the horses be abolished, or that the training be abolished, but do not let these things become so nostalgic as to prevent the force from becoming the modern police force which Canada now needs.

I suppose the hon. member for Charlotte, that dim-witted saboteur of New Brunswick, will again get up—

Mr. Bennett: He is not here; if he were, you would not say that.

Mr. Van Horne: Don't tell me he is not here. He just lies around the house between pay days—

The Deputy Chairman: Order.

Mr. Harris: I hope the hon. member will withdraw at once his remarks about the hon. member for Charlotte.

An hon. Member: Withdraw the word "saboteur".

The Deputy Chairman: The personal remarks directed to the absent member for Charlotte by the hon. member for Restigouche-Madawaska should be withdrawn.

[Mr. Van Horne.]

Mr. Van Horne: I did not realize he was not here; I thought maybe he was around.

Mr. Sinclair: You would not have said it if he were here today.

The Deputy Chairman: The hon. member will withdraw his last remarks.

Mr. Van Horne: I withdraw them on the condition that I would not have withdrawn had he been here.

The Deputy Chairman: Has the hon. member completed his remarks?

Mr. Nesbitt: It is almost one o'clock. I have just one brief question. In view of the fact that the R.C.M.P. has the responsibility of enforcing the regulations of the Canada Shipping Act, and since apparently a great many new regulations are contemplated, particularly with respect to regulating small boats and craft on the great lakes, minor waters and other waters of Canada, has the minister contemplated making any additions to the force effectively to enforce the new regulations which are contemplated, particularly since we understand from the Parliamentary Assistant to the Minister of Transport that these regulations will be coming into force sometime this fall. I might say that we are very happy that this year the R.C.M.P. has made a special effort to enforce the existing regulations under the Canada Shipping Act. Those of us who come from the great lakes area of southern Ontario greatly appreciate the fact that they are enforcing the fire and life-saving regulations. Does the minister contemplate making any additions to the force in view of the great number of regulations that will be coming into effect?

Mr. Garson: We have this matter under consideration. There have been some additions to the force since we have taken on this new responsibility. I would not suggest that they are directly attributable to that. It may be that we shall have to add others. At the present time we have under consideration just what will be involved in the complete administration of those regulations, and we shall be governed by the conclusions that we reach on the basis of the attention we give to these matters.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Hodgson: Mr. Chairman, I have been doing a little thinking and a little figuring concerning the Royal Canadian Mounted

Police force and I have come to the conclusion that they are the finest group of men that could be gathered together in one association. Many years ago they established a splendid tradition and this has been lived up to over the years.

Sometimes I think certain things could be done for the Royal Canadian Mounted Police force that would not only benefit the force but would encourage the individuals who comprise it. For instance the qualifications for enlistment in the R.C.M.P. are both rigid and strict and they are certainly enforced to the letter. When a young man wishes to join the force he must be possessed of a high I.Q.; in other words, he must not only be an intelligent fellow but he must be physically fit. I believe the standards for enrolment in the R.C.M.P. are higher than those which apply to any other police force in the commonwealth of nations.

I do not believe the force is presently being overrun with volunteers nor is it swamped with applicants, because from time to time advertisements such as the one I hold in my hand appear in the newspapers and these are designed to encourage volunteers. This advertisement reads in part:

> The prime requisites of a member of the Royal Canadian Mounted Police are intelligence, loyalty, integrity and courage. Service requirements frequently entail long hours, inconvenience and personal danger. Service benefits and advantages include a certain prestige, good comradeship, a measure of adventure and satisfaction through service to Canada.

There is no doubt that this force renders a great service to Canada and perhaps the service it renders is greater than that rendered by any other organization within the boundaries of our country. There is also no doubt that these men create, promote and maintain a feeling of mutual understanding and good will between the people of various races and religions who live in this country. They do a great deal more than just policing in the areas where they are stationed.

I am happy to say that the R.C.M.P. is the only branch of government service where the patronage system has not crept in and possibly this has been prevented because of the efforts of the top officials in the force.

The young men who join the R.C.M.P. are about the poorest paid civil servants, if you want to call them that, in any department of government. Their salaries start at $2,500 a year and I believe $50 a month is taken off for board, clothes and other things. These men do not put in an 8-hour day and a 5-day week, I might point out, and I know this of my own knowledge.

Mr. Garson: Would my hon. friend permit me to interrupt just for a moment before he commits himself as to any statement concerning what these men are paid? I suggest that the hon. member abstain from doing so because on page 3596 of *Hansard* for May 4, 1956 he will find that I recorded the whole pay list of the entire force and it is considerably better than the amount he suggested.

Mr. Hodgson: I realize that, but you did not take into account the $50 a month I referred to in the list you put in *Hansard* on May 4; you did not say anything about that. I am referring to take-home pay. Every labourer and employee is more concerned with take home pay than gross pay. You may give a man $5,000 a year but if you take off $2,000 the net remains $3,000. I believe the R.C.M.P. are underpaid from start to finish in every wage classification.

It is perhaps all right to underpay these men for the first two years during which they are in training because the course they undergo for the first two years is equivalent to the same number of years of university training. It certainly goes a long way toward making them better citizens and more capable policemen. These men did receive a slight raise at the time the rest of the civil service got a raise and I am not complaining about the salary they receive during the first two years of training, but after that period of time they should receive $4,000.

Because these men are of such a high calibre and because they are intelligent, capable, wholesome men they could command a salary of at least $4,000 in industry or elsewhere, and when one considers the long hours they put in and the dangers and hazards which accompany their position they should receive at least $4,000 a year the third year they are in the force.

As the hon. member for Restigouche-Madawaska said, promotions in the force are very slow in coming. This is quite true and it has to be that way because there are only a certain number of officers in the force. I suggest the pay for these men should increase not only year by year, as it presently does, but that during the third year they are in the force their salary should jump to at least $4,000.

I can understand why young men join the force; they see the red serge and the colourful uniforms and they have read about the tradition and heroism of the force; but after the third or fourth year of service the glamour begins to fade unless there is a little increase in pay.

Perhaps the top officials in the force, whoever they are, may be receiving enough money but the young men who after two years of

training must work for $2,600, $2,700 or $3,000 a year are not going to be content to stay in the force on the basis of the glamour and glory of serving with it.

I think the minister will agree that a number of young men are leaving the force. The minister is shaking his head but I can tell him that I know some who have left and I believe more will be leaving unless some improvement is made in the salary for service after two or three years. I think the government should take this into consideration and pay these men according to their worth and capacity.

These men do not put in an 8-hour day or a 5-day week. I know policemen who serve anywhere from 15 to 20 hours a day, day in and day out, for long periods at a time. People in the armed services are required to put in only a 5-day week and I see them hitchhiking home on Friday nights. Policemen seldom have a Sunday off and they never go to bed at night without hanging their uniforms on a chair within reach in order that they can jump into them quickly. These men are on call 24 hours a day 365 days a year except for a brief holiday period and it must be remembered that they have no say as to when they wish to take their holidays. Many of them probably have to take their holidays in the fall or winter. If the government intends to pay these men what they are worth in the third year of their service they should receive not less than $4,000 a year. I urge the government to take this matter into consideration immediately.

Mr. Simmons: Mr. Chairman, my remarks will be very brief. I heartily support the remarks made by the hon. member for Vancouver-Quadra and the hon. member for Kootenay West with regard to the issuance of revolver permits to prospectors. These hardy, courageous pioneers of Canada should not be denied personal protection on their hazardous journeys through the wilderness in the northern reaches of this country. I know that the prospectors of the Yukon have encountered the same difficulties in obtaining permits as those related by the hon. member to whom I have just referred as well as those who serve the British Columbia and Yukon chamber of mines. The prospectors are the backbone of our northern areas and should be assisted to the fullest extent possible.

Mr. Garson: Mr. Chairman, at this point I think perhaps I might very briefly tell the house the result of my telephone call to Mr. Bonner, the attorney general of British Columbia, at the noon hour which was suggested by the hon. member for Vancouver-Quadra. I was not able to get Mr. Bonner because he is out of town, but I did get his deputy and he confirms the fact that there is no doubt at all that this is a matter of provincial government policy. I have here a circular which we sent out to our own people which reads:

> Whether or not permits should be granted to prospectors and geologists as suggested in the communication forwarded by the chamber of mines for British Columbia and the Yukon, is a matter which we feel should be decided by the issuing officer, bearing in mind the policy which the attorney general wishes followed.

That is the attorney general of the province. Then I may say that from time to time, as I am sure the hon. member for Vancouver-Quadra who is a lawyer is aware, the commissioners on uniformity of criminal law administration meet and if there is any embarrassment in the present law in relation to the policy followed in British Columbia I have told the British Columbia authorities that we would be most happy to co-operate in any amendment that the uniformity commissioners might agree upon.

While I am on my feet I should like to clear up one or two points. I am sure the hon. member for Restigouche-Madawaska will not think it an intentional discourtesy if I do not deal with his remarks upon the subject of marriage by members of the Royal Canadian Mounted Police. The fact of the matter is that I dealt with this at length during the debate on my estimates on May 4 and there is no purpose in my going over the same ground today.

I should also like to point out that I must take strong issue with some of his other remarks. It is not true that there is a large turnover in the Royal Canadian Mounted Police. That statement which he made is quite spectacular but it is not correct. The fact of the matter is, and this should be borne in mind by those members who sometimes throw out the suggestion that there is a large turnover in the force, that while the figure of wastage varies over the past five years it has fluctuated between 5½ per cent per annum and 8 per cent per annum. That is one of the lowest wastage rates, if not the lowest, in the entire civil service.

Another thing which should be said, although I am sure it is not necessary in this chamber, is that the information prompted by the hon. member for Restigouche-Madawaska that the traditions which the Royal Canadian Mounted Police have retained, I think with the approval of all of us, in relation to their musical ride, their uniform, their conduct, their smartness and the like, should not apply also to old-fashioned methods of crime detection. His statement to this effect is completely without foundation. I have been through the crime

detection laboratory of the mounted police and I cannot imagine anything that would be a greater discouragement to an intending criminal than to see from it what small chance he has of escaping detection. The methods used there are as up to date as those used by any police force in the world. I think it is rather regrettable that the hon. member for Restigouche-Madawaska should suggest otherwise.

Mr. Green: The minister did not indicate what report he had from Superintendent Bordeleau in Victoria. Also, what about the Yukon? The hon. member for the Yukon has said that this same policy is being followed by the mounted police in the Yukon and certainly the attorney general of British Columbia cannot be blamed for that.

Mr. Garson: That is quite true. As far as the Yukon is concerned, the point made by the hon. member for Vancouver-Quadra is quite correct. I am the responsible minister there. I have not had any cases such as those raised by the hon. member for Vancouver-Quadra, any specific concrete cases, but if there are any I would be glad to examine them when they are brought to my attention.

I should like to quote from a letter from J. R. W. Bordeleau, superintendent, officer in charge, Victoria, dated June 7, 1956, addressed to the commissioner, Royal Canadian Mounted Police in Ottawa. It reads:

> Consequently, at the beginning of this year the policy formulated here, which was received with agreement by the deputy attorney general, was to the effect that an effort should be made towards limiting these permits to those cases which fell strictly within the exemptions provided by statute and as a consequence the recipients were greatly reduced in numbers.

There is no question as to what the policy is.

Mr. Green: Who was present at the formulation of this policy? The letter refers to a meeting at which the policy was formulated and I should like to know who was present. It says that the deputy attorney general approved the policy, but who actually formulated it?

Mr. Garson: I am afraid I could not tell my hon. friend. He is a resident of British Columbia and perhaps he can say with greater certainty as to how the British Columbia government formulates its policy. I presume it might be the cabinet on the recommendation of the attorney general, or it might have been a purely intra-departmental policy, that is formulated within the department of the attorney general and not necessarily commanding the attention of other members of the government.

Mr. Green: That letter reads as though some police officers, which of course would be mounted police officers, formulated this policy and then the deputy attorney general approved of it. If that is the case and if the minister thinks that this policy is wrong in so far as the Yukon is concerned, then I suggest that he see that a change is made in respect to the Yukon. I am sure there would not be the slightest doubt that the British Columbia government would be glad to follow suit because this letter admits that there has been a definite change in policy this year and that there has been a limitation in the issuance of these permits to carry revolvers. I do not think it can be argued that that policy is not unfair to prospectors, engineers and geologists. In fact, the minister has admitted that in so far as the Yukon is concerned. I would hope that he will do whatever he can to see that this whole situation is remedied quickly and at least throw his weight behind a movement to restore the issuing of permits to the position in which it has been for the last 25 years. How does the minister interpret these provisions:

> A permit in form 42 shall be issued only where the person who issues is satisfied that the applicant for the permit requires the firearm to which it relates
>
> (a) to protect his life or property,
>
> (b) for use in connection with his profession or occupation.

What is the minister's opinion with regard to the right of a prospector or engineer or geologist to get a permit under that section?

Mr. Garson: I do not think I could reproduce language that would be more clear than the wording of that statute which my hon. friend has just read as an abstract proposition for general application; but the problem arises when an application comes in from Mr. John Jones, who is a prospector in British Columbia or the Yukon. He says he wants a revolver permit. The facts are examined and a decision reached as to whether he has brought himself within the meaning of this section. If he has he is granted a permit, if he has not he does not get it. I do not think I can add anything. I said a few moments ago in regard to the Yukon that if there are any cases there that are considered to be hardships I wish the hon. member would bring them to our attention. But so far as British Columbia is concerned, as I have said, and I am sure my hon. friend will agree, it has to be brought to the attention of the attorney general of British Columbia. I certainly would not undertake to interfere in any way with his administration of the law in that province. That is his responsibility and it is none of my business.

Mr. Green: There is no use following the matter further, but I do hope that the minister will let it be known that in his opinion these men should be able to get these permits to carry revolvers.

Mr. Barnett: Mr. Chairman, I think the discussion that has taken place on the subject of the issuance of permits to prospectors has revealed that there is a good deal of misunderstanding on the question of where the responsibility lies in those provinces where there is a contract with the provincial government for the R.C.M.P. to carry on the police work. In view of this apparent misunderstanding, could the minister outline briefly what areas of police activity fall within the responsibility of the attorney general of the province and what areas remain under federal jurisdiction in a situation such as in British Columbia where there is contract with respect to the services of the R.C.M.P.?

Mr. Garson: Does my hon. friend mean in general or in relation to this particular matter?

Mr. Barnett: Not necessarily in relation to this particular matter. There must be some general areas under the agreements where the responsibility is in federal hands.

Mr. Garson: The Royal Canadian Mounted Police are a federal force. Their responsibilities are to administer those statutes which are peculiarly federal in character such as the narcotics act, the Customs Act, anti-smuggling activities, the Excise Act and the other federal taxation statutes. As I indicated this morning, so far as the general body of the criminal law is concerned, while its enactment is within the jurisdiction of this parliament, its enforcement comes entirely under the heading of the administration of justice and enforcement of the law which are exclusively the responsibility of the provincial government. In those provinces such as Ontario and Quebec where they have provincial forces of their own you will find that it is that provincial force that enforces the general body of the criminal law, and the Royal Canadian Mounted Police deal only with customs irregularities, anti-narcotic work and things of that sort.

We have entered into an arrangement for reasons of economy in eight of the provinces of Canada under which the enforcement of the law, the administration of justice, all the police work necessary in those two connections, are handed over to the Royal Canadian Mounted Police under a police agreement. In consideration of the federal government thus making the services of the R.C.M.P. available for provincial administration of the law these provinces pay us each year a large sum of money. In that way we have just one police force that serves all of the provincial purposes and the federal purposes in that one province at a great saving to the taxpayer.

But in order to have that work properly and effectively done it is of the utmost importance that we in the Department of Justice should not take advantage of the fact that our police force is working under the direction of the provincial attorney general to interfere in any way with the direction which he has over them which is analogous to that which he would have over his own police force if it were still in existence. He should have the same control over the mounted police in respect of all his sphere of responsibility as he would have if British Columbia still had a provincial police force.

Mr. Barnett: I am interested in having this point cleared up because I should like to have a clear understanding with regard to certain incidents that have occurred in the province of British Columbia. Stories have appeared in the British Columbia press to the effect that the attorney general of that province has had Inspector Butler, I believe, of the criminal investigation branch carrying out certain investigations into the activities of a former minister of the British Columbia government. Is that something that the attorney general of British Columbia could properly assign such an inspector to do?

Mr. Garson: Under the police agreement the attorney general of British Columbia can properly direct any member of the Royal Canadian Mounted Police to do anything that he could direct the analogous provincial officer to do if British Columbia had its own force. I do not know enough about the particular case to which my hon. friend is referring to say whether it falls into that category. But I would assume that it did. Otherwise the police officer would not take on the task. In general, my hon. friend can clear up any doubt he has in his mind if he will put himself in the position of the provincial attorney general. If he were the attorney general, would he under such a contract continue under the responsibility to the people of that province to see that the law was properly enforced unless he had the same kind of control over the Royal Canadian Mounted Police under the police agreement that he would have had if he had continued with a provincial police force?

Mr. Barnett: I can understand the minister's point in that connection quite readily. I simply wanted to be clear about the matter. From what the minister has said I understand that if an inspector of the R.C.M.P.

were to be requested to do something by the attorney general of a province which was not covered by the terms of the agreement the inspector would be in a situation where he could refer the matter to R.C.M.P. headquarters to determine whether or not it was a proper assignment. Is my inference in that connection correct?

Mr. Garson: I would prefer to have my own language be considered in this connection. I am not suggesting that what my hon. friend says is incorrect. Even though there may be the odd occasion when it is embarrassing, I prefer to stand by my own language.

Mr. Argue: It is a delicate situation.

Mr. Winch: Let us bring the issue right out in the open. Who is paying the expenses of the inspector who has travelled to the United States on a number of occasions on a most expensive investigation into the activities of the former minister of lands and forests of British Columbia? Are they being paid by the British Columbia government or are they being charged to the R.C.M.P. here on the federal level?

Mr. Garson: Under the terms of the police agreement, in consideration of the annual payment which we receive we undertake to defray all of the expenses that the police incur in connection with the legitimate work which they do under the terms of the agreement for the provincial government, and in that event we would pay that cost.

Mr. Winch: If you have to pay that cost, then may we ask for the filing in this house of the report on that investigation, or does it still remain the secret of the attorney general of British Columbia?

Mr. Garson: No, Mr. Chairman, we cannot. If my hon. friend will reflect upon it very briefly I am sure he will see at once that we could not expect a responsible government to enter into an agreement under which their legitimate activities were going to be the subject of scrutiny by a legislature to which they were not answerable.

Mr. Winch: In other words, the attorney general of British Columbia can bury a report for which your department has to pay.

Mr. Garson: Yes, that would be so. As a matter of fact, when I was in Vancouver last the newspaper reporters came to me and wanted me to tell them whether, as Attorney General of Canada, I would use my office in that connection for the purpose of getting hold of this report and making it public. I said that under no circumstances would we ever consider such a move, that the whole system of having the policing work done by the Royal Canadian Mounted Police in the province would break down completely if the provincial administration could not have a position which would be the same in relation to the Royal Canadian Mounted Police as that which would obtain between them and their own provincial police force.

Mr. Nowlan: I think the minister should give consideration perhaps to revising that agreement when it comes up again for negotiation. I am quite sure that it was never the intention of the Attorney General of Canada to enter into an agreement whereby a province or a provincial government could use the R.C.M.P. for purposes other than the normal police purposes of a province. Without commenting on this particular case, of which I know nothing, may I say that I think it is fairly obvious, from what has been suggested, that it would be possible—whether it has been done here no one knows or at least I do not know—for the attorney general or a minister of the crown in the provincial administration to use the R.C.M.P., shall we say, for political purposes or to conduct investigations of various kinds which certainly the people of Canada as a whole should not be called upon to pay for. If the agreement has been drawn in such general terms that the Attorney General of Canada feels that he is obliged to comply with the agreement and to say this falls within the framework of it,—and on that matter I am not passing any judgment whatsoever at the moment—I say that the agreement should be carefully considered by the officers of the department so that such a situation could not arise again. I am quite sure that the people of Nova Scotia, of Ontario or of any other province in Canada are not the least bit concerned about the political activities of a certain cabinet minister in British Columbia. Obviously they would prefer that the R.C.M.P. were not making any such investigation. In any event, they do not want to pay the costs of that investigation.

Mr. Lennard: Mr. Chairman, it is quite apparent that the duties of the Royal Canadian Mounted Police are numerous and varied. I feel that in some cases they must be a great embarrassment to that great force. I have in mind a job they do for the customs and excise branch. This particular instance which I will quote is not an isolated one. These sales take place continually. I mean that they go on one year after another. Whenever they have stuff to sell, it is sold in every part of

Canada. This particular case was a sale by tender. The notice reads as follows:

CANADA
Customs and Excise

SALE BY TENDER

Tenders addressed to the Officer Commanding will be received at his office at 3 Sullivan Street, Toronto, Ontario, until Saturday, the 30th day of June, 1956, at noon (E.D.S.T.) for the following forfeited goods, viz.: one earthenware crock of five (5) gallon capacity.

This article may be inspected at the R.C.M. Police detachment, 939 Main Street E., Hamilton, Ontario.

Tenders must be forwarded by registered mail, in an envelope, addressed as follows:

The Officer Commanding,
R.C.M. Police, Postal Station "A",
Toronto, Ontario.
Tender Division File N55T93/49.

Tenders must be submitted in sealed envelope marked "Tender".

Terms: 10 per cent deposit in cash, money order or certified cheque with tender.

The highest or any tender not necessarily accepted.

And so on.

In this particular case, the article went to the successful tenderer who submitted a tender in the amount of 50 cents and submitted a five-cent money order as the 10 per cent deposit. That crock was delivered by a member of the R.C.M.P.

Mr. Nowlan: Was it empty or full?

Mr. Lennard: The balance of 45 cents was collected. In connection with the posting of these notices of sale by tender, I might say that the posting was done by the Royal Canadian Mounted Police officer. He drove to these different towns including the Hamilton post office; postal station D, Hamilton; and post offices in Brantford, Dundas and Burlington. That would take at least half a day. That performance, coupled with the other red tape in connection with this 50-cent sale, is just plain ridiculous. I would not object to this procedure if it were in connection with articles of some considerable value. However, I think a line should be drawn some place. It is ridiculous to put the police to all that trouble and the country to all that expense to sell a thing for 50 cents.

Mr. Garson: In fairness to the police, Mr. Chairman, I should like to say just briefly that the way in which to achieve the reform which my hon. friend has in mind is to amend the law. You cannot have the police force breaking the law,—

Mr. Lennard: I understand that.

Mr. Garson: —no matter how wise it may seem for them to break it and how ridiculous it may seem for them to obey it.

Mr. Lennard: Then are you considering changing the law?

Mr. Garson: I shall be glad to take the matter up with the Minister of National Revenue.

Mr. Zaplitny: To come back to the question of these contracts with the federal department and the province for police work, I should like to ask a question of the minister. The type of investigation that was referred to in British Columbia, which was of course very unusual and very expensive, perhaps is beyond some of the things that have happened in the province of Manitoba such as travelling three or four hundred miles to deliver a summons for a highway traffic violation. But the question I want to ask is this. How do we stand financially in relation to these eight provinces? Are we in a deficit position or are we in a credit position? That is to say, the province pays the federal government so much a year by contract for the use of the R.C.M.P. The federal department is obliged to pay the expenses and salaries of the R.C.M.P. Perhaps the minister could place on record a statement showing where we stand with regard to these eight provinces. Have we paid out more money than we have received or have we received more money than we have paid out, say, within the last fiscal year?

Mr. Garson: I wonder whether my hon. friend from Dauphin understands—and if he does not, it is my fault for not having explained it previously—the nature of the police contract. In essence, it is this. Let us take as an example the province of Manitoba with which he is familiar. You start out with two police forces in that province, namely the Royal Canadian Mounted Police and the provincial police force. They say, "What is the sense of having two police forces here? Can we not enter into an agreement which would be economical for both of us and just have the one?" So in the case of Manitoba the provincial police force was disbanded and Manitoba entered into a contract for the services of the Royal Canadian Mounted Police. After that contract is entered into we have paid to us by Manitoba roughly 40 per cent of our entire costs. We have to increase our staff to some extent in order to take care of both these tasks, although not to the extent that one might think because in many places the one force can do the job just as well as two forces could do it, without any increase in staff at all.

My hon. friend asked about debit and credit. The fact of the matter is that both governments are saving money, the province by paying a smaller amount of money to us

than they would have to pay in order to maintain its own police force and we, by virtue of the fact that we get this substantial subsidy from the province in order to continue maintaining a police force that we would have to maintain in any event.

Mr. Zaplitny: As I understand it, there is no cost accounting kept to find out whether this arrangement is actually costing the federal government any money or not. It is simply assumed that about 40 per cent of the work will be done for the purposes of the provincial government and in that way you charge approximately 40 per cent of the costs to the province. Is that the arrangement? There is no cost accounting kept as to what it actually costs the federal department to administer the provincial law.

Mr. Garson: I think we have a record of the money that we have spent or, if we do not have it, we can secure it by taking it off the books if we set some clerks to work to the end of finding out, for example, police costs in the province of Manitoba over a period of a year. But there is no cost accounting set up with a view to debiting one concern or the other. The whole theory is that if you have two forces, and if you abolish one and have the remaining force do the work of two, it is a very good arrangement for a province to pay 40 per cent and it is a very good arrangement for us to get 40 per cent and to carry on in the way we had been doing previously.

Mr. Nowlan: Are there any municipalities within a province which are using the R.C.M.P. for their own municipal police force?

Mr. Garson: Yes, Mr. Chairman, throughout Canada there are 120 municipalities where the same type of arrangement is entered into between the Royal Canadian Mounted Police and the municipalities.

Mr. Nowlan: I understand that by virtue of the agreement between the province and the federal government, the province in turn can make arrangements with the municipality—or is it done directly?

Mr. Garson: No, it is done directly. It is a tripartite agreement which the province has to sign. But actually the negotiations take place directly with the municipality, although in principle we do not deal except through the province, whose officials also have to sign the agreement.

Mr. Nowlan: I was not at all sure, but I knew there were cases like that. Frankly I am not too happy myself at the use of the R.C.M.P. to do police work on the municipal level because I think it may possibly involve them—I know it has—in situations where, to say the least, public comment is not what we would like to have in view of the record of this force in the past.

Mr. Montgomery: I thought I knew and understood about these agreements, but as a result of this discussion I am not so sure. Even though the minister's department makes agreements with the provinces whereby they get so much money for policing that province, does the department not retain control over the Royal Canadian Mounted Police in certain matters for which you do not have to go to the attorneys-general of the provinces to get permission to investigate?

Mr. Garson: The answer is yes. I am afraid I was lacking in lucidity if I have left any other impression by my previous remarks. We continue, as we have always done, to have the Royal Canadian Mounted Police discharge all those federal police functions, customs, and excise and the like. But since the agreements have been entered into we try to do this with the one force, to have the federal functions discharged as well as the provincial functions, and in the latter respect, the police are under the direction of the provincial attorney general.

Mr. Nesbitt: This morning I was asking the minister a few questions about taking on more men to enforce the new regulations that would be coming into force under the Canada Shipping Act. There are one or two further questions I should like to ask. When regulations are enforced by the R.C.M.P. under a federal statute such as the Canada Shipping Act who instructs the R.C.M.P. what procedure to go through when they are carrying out an investigation? Do they investigate in any manner they think best or would the Department of Transport instruct the police as to the type of investigation the department wanted them to undertake? Would the Department of Transport give the R.C.M.P. any guidance as to the type of investigation the department desired them to undertake?

Mr. Garson: The investigating techniques are the responsibility of the police, and policy is the responsibility of tranport.

Mr. Nesbitt: During the committee proceedings under the bill, we heard recently that there is one section of the Canada Shipping Act that requires a certain type of investigation to be done in connection with fire fighting and life saving equipment. I am not referring to pleasure boats but to fishing vessels and that type of boat. We also learned that the R.C.M.P. undertakes that inspection service. We found out, too,

in the committee that this was done on a spot check basis from time to time and there were no records kept of the vessels checked, although the Department of Transport had a record of the number of spot checks that were made. One vessel might go for 30 or 40 years without ever being checked, while another vessel might be checked every year. I should like to pass this on to the minister and the R.C.M.P. for their consideration.

When spot checks are made in connection with life saving or fire fighting equipment, I would suggest that a record be kept of the vessels so checked in order to avoid checking the same vessels year after year while other ship owners might be keeping deliberately out of reach because they did not have good equipment. This would apply also to pleasure craft that will be brought under the new regulations.

Mr. Herridge: I want to briefly support the remarks made by the hon. member for Digby-Annapolis-Kings with respect to the R.C.M.P. in municipalities. I have spoken to many people and they do not think much of it, particularly in the smaller municipalities. I do not think it is to the advantage of the force to have R.C.M.P. constables tramping around a small town trying shop doors and chasing boys for stealing apples. I think that particular type of police work should be carried out by municipal police officials. I would not like to see the practice encouraged in the smaller towns and municipalities.

Item agreed to.

167. Remission service, including $30,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $186,585.

Mr. Winch: I am not going to hold the house up at all. I just want to say that in the course of being a member I have, upon occasion, had to take up matters of penitentiary policy and tickets of leave. I want to tell the minister, it would be the only fair thing to do, how much I appreciate the consideration that has been given to me by the remissions branch, and in particular the head of the remissions branch, in connection with many of these cases I have brought to his attention. As a result of my interest in the work I have felt, in the past, he has not had a sufficient staff to do the work as it should be done and as I think he, personally, would like to see it done. The remissions branch is responsible for the review of all cases of men and women in the jails and penitentiaries. In addition, as I pointed out this morning, I think there is an increase of $22,000 in this vote to cover increased personnel. If the minister is able to implement the recommendations of the Fauteux report, the work of this remissions branch is going to become of major importance and one which I think will result eventually in the saving of millions of dollars of the taxpayers' money.

I think that in the past the head of this department has not had sufficient staff and I do not think even with the increase of $22,000 he will have sufficient staff to carry out the work under the present policy. I sincerely hope, in view of what I hope are kind words for the consideration of the cases I have brought to his attention, some consideration will be given to that branch and more staff made available in order that the head of the department can do what I think he wants to do, an even more efficient job than he has done in the past. I could make a very long speech on this, and I should like to do so, but under the circumstances I am certain the minister knows what I have in mind.

Mr. Nowlan: I should like to associate myself with what the hon. member has said. We have all had experience from time to time with this remissions branch and I am sure we are all very enthusiastic in unanimously paying tribute to the efficiency, courtesy and co-operation which every person receives in dealing with that branch. One may sometimes be disappointed at the answer which one's request may receive. But I know that is due to how the department, or the officials, view the facts of the case at that time.

I was going to ask a question about this increase because I took it from what the minister said this morning that we are not embarking on any radical change in probation or in the remission service generally since the report has been received only recently. I notice there is an increase of $22,000 in the expenditure for this year. Does that envisage any increase in the functions of this department, or just what is the answer?

Mr. Garson: Mr. Chairman, when we received the Fauteux report and the report of the joint committee, and shall in due course receive the two McRuer reports, we shall first of all have to consider carefully in the Department of Justice what the implementation of the recommendations of those various reports may cost in order that I may submit my report to my colleagues with a view to getting approval of that cost. And then, as I have already indicated, having regard to the fact that all of these matters have to be administered by the provinces, we shall have to get together with them and confer as to what should be and what should not be implemented. It will not be until all these things have been done that we shall have a policy in relation to which there could be

any item reflected in these present estimates. Therefore, the $22,000 has nothing to do with any changes.

Mr. Gillis: I just want to say a few words on this item. Of course, most members of the house who have anything to do with the remission services know that they are doing a very good job with the equipment they have; but at this time what I am concerned about is not the fellow who is appealing to get out, but the position of the man who has done any time in any of our penitentiaries. I am concerned with the position he is in when he gets out. There is $30,000 earmarked for recognized prisoners' aid societies. I do not know what work they are doing. I know the John Howard organization is attempting to do something all the time. During the session of the house one runs into and receives letters from men who have served short sentences. The thing that strikes me is the fact that a man who does a year in a prison is treated in about the same way as a man who does 15 years when it comes to the matter of employment, once the stigma of a penitentiary term is hung on him. During this session three people who did a short term and were rooted out of jobs have written to me. One of them lost three jobs, when it was learned that he had served a short term in the penitentiary. The one who had lost three jobs had a position when he wrote to me, and he said to me he wondered what was going to happen next. He said, "As far as I am concerned, if I am thrown out of this job there is not anything left for me to do but to go back to the penitentiary". I believe it is that attitude on the part of employers particularly that causes so many of our repeaters to go back to the penitentiaries.

I think the magistrates have quite a responsibility. I do not think many of them realize, when they hand out a sentence of a year or 18 months to a kid who has taken a motor car for a joy ride, that they are sentencing that boy not to a year or 18 months but to life, because when the 18 months are over the theory is that the prisoner has paid his penalty to society and has washed the slate clean. But that is not so. The record follows the individual from job to job and, like the people who wrote to me during this session, they lose one job after another. One chap lost three jobs despite the fact he was doing his work satisfactorily, and he was waiting to lose the next one. The magistrates have to think of the future.

If a man commits a serious crime he has to be punished for it, but there are a whole lot of youngsters in this country, and it is going on from day to day, who commit slight misdemeanours. Take the boy who takes a car. The magistrate thinks he is sentencing him to a year, but the boy is debarred from holding public office for the rest of his life. If he wants to go to the United States or to any other country he is classed as a convict and is not allowed to enter. His record follows him from job to job.

In addition to the matter of remission, there should be greater concern on the part of the public and on the part of those administering justice for the man who comes back and tries to rehabilitate himself. Despite the work of those recognized prisoners' aid societies, they are only touching the fringes. They aid those who happen to get into their hands, but by and large the men who try to help themselves run into these difficulties. Mind you, it is not only the employment agencies but also some of the employment offices.

Mr. Garson: Public opinion.

Mr. Gillis: Exactly. It is because of lack of education. It seems that everyone sits back and acquiesces in this kind of thing. It is time that someone in this country started to educate the public that the theory is intended to work in practice, and that when a sentence is served the stigma is not supposed to follow the individual for the rest of his life. If you are trying to do a good job in rehabilitating, then these men should be helped rather than pushed into the discard and back to the penitentiary. I have seen this happen, since the war particularly. It was not very noticeable prior to 1946 and 1947. Since 1947 I have noticed a stronger trend in that direction than I have ever seen before in this country.

If more money is needed for these voluntary societies, that is fine; but I believe there should be some agency of the Department of Justice whose responsibility it would be to try to educate the public into giving the man who wants to rehabilitate himself a break.

Secondly, I believe that magistrates should be cautioned against hanging a life sentence onto a boy whom they think they are sentencing to only a year, because it is a life sentence. I know of the case of a boy who got into difficulty, and all hon. members could name case after case, where other corrective measures could have been taken. I just wanted to say that, sir, because I think it is becoming a very serious problem in this country.

Mr. Montgomery: Mr. Chairman, I should like to associate myself with the remarks of the hon. member for Cape Breton South. I had it marked down as something I had

intended to discuss but the hon. member may have dealt with it better than I could have done.

In addition to what the hon. member has said, I should like to say to the minister that in the next year, after he has received those reports and is negotiating with the provincial attorneys general on this matter of administration, I should like to see more done in the field of probation before conviction. In many of these cases I believe the place to start is at the beginning. As the hon. member for Cape Breton South said, once a chap is convicted and sentenced and goes into a jail or a prison he really goes to a school of crime in a good many instances. I am sorry to have to say that. I believe the province is responsible for setting up probation service. After negotiations I should like to see the law changed considerably to see whether a new system cannot be devised so that these young people who get into trouble can be treated in some way so that a sentence would be the last resort.

While I am on my feet there is one other matter I would like to bring up. After reading the report I concluded that it contains many good recommendations and there is one I cannot resist speaking about because I have always felt that poverty should not be a cause of imprisonment.

Under our present law there are many cases where a man goes into court and is fined for a breach of criminal responsibility and if he cannot pay his fine he is sentenced to jail for a certain period of time. I do not think that is good law. In the first place it really spells out the fact that poverty may be a cause for being put in jail and I do not think Canadian law in this modern age should carry such an implication.

I have one other matter with which I would like to deal. In my own experience I have seen men sent to jail for some small crime. Perhaps he has committed several small crimes, none of them too serious. Sometimes when these men come out the sheriff or a police officer has a collection of warrants and the minute the men are released from prison they are arrested again and confronted with another charge and a further sentence.

I would like to recommend to the minister, through you, sir, that he take steps to see if our law can be changed. It seems to me in the cases I am thinking about a man should come out with a clean sheet and should not have to face at the door the sheriff or a police officer who has a warrant to arrest him. I think the provinces recommended setting up provincial prison reformatories and this may take care of some of the cases of this type such as we have had in the past.

[Mr. Montgomery.]

Mr. Jones: Mr. Chairman, I would like to make just one suggestion to the minister following what the hon. member for Cape Breton South has already said, with which I agree, and it concerns the method of check-up employed by the police.

I believe the present system is wrong. I know of one or two cases where the police have gone to check on a man who had been in prison and served his sentence and presumably paid his debt to society.

In one case the police went into the establishment where the man was working and in front of his employer they proceeded to check on the man and also discussed him with his employer. That being the first occasion on which the owner became aware of the fact that he had an ex-prisoner in his employ, the employee lost his job immediately.

He moved to another town and took another job. He had not been there for more than a few weeks and was doing very well. The owner of the establishment where the man was working liked him but here again, lo and behold, in came the police to check up on the man and exactly the same thing happened. This went on for a long time and the young man became almost desperate. Finally he wrote to one or two hon. members of this house.

I think instructions should be given to the police that at no time must they interview ex-prisoners in the presence of their employers or while they are working. This should be done after working hours or at the home of the men or by appointment. The present system works a hardship on these fellows who have paid their penalty to society and I believe the present system should be changed.

Mr. Nesbitt: I had not intended to make any further remarks during the discussion of the estimates of this department but in view of the remarks made by some hon. members of the house and particularly those made by the hon. member for Cape Breton South it occurred to me that while I thoroughly sympathize with the views they expressed it would be unfortunate if a misapprehension were left amongst hon. members of this house generally.

The impression which I think could be left by these remarks is that first offenders are generally severely punished and chastized and receive prison sentences.

This may take place on some occasions but I have had some experience with the actual enforcement of criminal law in the past and I should think the hon. member for Cape Breton South would be very pleased to know that in cases of a first offence, particularly when young men are involved, the matter of

sentence is usually thoroughly discussed between the crown attorney and the police and the type of charge that is to be laid is given careful thought.

I do not know what takes place in other provinces but I know that is the way these matters are handled in Ontario. When the magistrate is about to pronounce sentence in practice he often consults the crown attorney, and I think properly so. In Ontario we have probation officers who before the sentence is handed out make an inquiry into the offender's background in order to ascertain what kind of home and family life he has had. Before passing out the sentence the magistrate refers to the report of the probation officer.

I thought these facts would be of interest to the hon. member for Cape Breton South and I felt it would be unfortunate if the impression were left in this house that it was the general practice in Canada to sentence first offenders to prison, because this is not so. As I say, I do not know what goes on in Nova Scotia or New Brunswick or some of the other provinces.

Mr. Gillis: It is done in some cases in Ontario, too.

Mr. Nesbitt: However, I have related the facts as they obtain in Ontario and probably in some other provinces. Concerning joyriding charges, as the hon. member for Cape Breton South knows, two types of charges can be laid. One is a charge that bears a mandatory minimum sentence of one year and there is also a lesser charge and it depends entirely on the circumstances in actual practice which charge is laid.

It is not the desire of any law enforcement officer to send people to jail for a first offence and, as I say, reports from probation officers are received before sentence is pronounced by the magistrate. The crown attorney is usually consulted as to the background of the offender. I think most magistrates—certainly those with whom I have been in contact in Ontario—carefully consider the circumstances before sending people to jail. As a matter of fact, in our part of the country the magistrates are usually criticized for not being severe enough. I think magistrates in general should not be criticized for that because I believe they do their best to try to keep people out of the schools of crime.

Mr. Gillis: Mr. Chairman, after that lecture I feel obliged to say something. The question I would like to ask is this. What are we going to do with the fellow once he gets out?

The hon. member spoke of his personal experience in courts but it must be remembered that when he appears in court it is on behalf of a client and the client is protected by him. I was thinking of young men who do not have legal advice.

An hon. Member: They are better off.

Mr. Gillis: I am going to cite a case that took place in the hon. member's own province. This took place back in 1945. I was wired from a town in Ontario. Two kids had been picked up on this joyriding business the hon. member for Oxford referred to. These young men were tried, convicted and sentenced in about 20 minutes without counsel. When they got in touch with me they had already been sentenced to a year in Guelph reformatory. The hon. member for Oxford does not see that kind of occurrence because when he is in court he is representing someone and they are protected, but there are many cases in the magistrates courts across this country where sentences are doled out pretty quickly and are grossly unjust.

I am not going to argue with the hon. member for Oxford because I think the way to start preventing the process of making a convict out of a kid who walks into that kind of situation, as any of us could have done between 16 and 18 years of age, is by protecting him from becoming a repeater as the years go by.

Mr. Nesbitt: Mr. Chairman, I am sorry to prolong this discussion further but another minute or two is surely not going to make that much difference. I am sorry that the hon. member for Cape Breton South appears to have misunderstood my intentions. I was not quarreling with the hon. member; in fact, I am very sympathetic toward his views. I was just attempting to point out to him that in certain parts of Canada justice is not as harsh as he may think.

Back in 1945 in Ontario I do not know what went on there because there was another administration just prior to that and I do not wish to go into that subject. While I have represented clients in court I have had the job in the past for some little time of acting as crown attorney. The probation officer system has been brought in in Ontario in the last few years, as the Minister of Justice knows. More than that, I think I can safely say that the policy of the administration of justice in Ontario at the present time, and I expect in other provinces as well, is that no magistrate would convict anyone of any serious offence without that person being represented by counsel. The various bar associations in Ontario, and I believe throughout the country, have members who are ready to represent people who have not counsel

when it is felt that they should be represented. I certainly know that in our own area a magistrate would not hear a case unless the person was represented by counsel. That possibly applies in other parts of Canada, although it may not, but that is the way it is in Ontario.

Mr. Barnett: I wonder if the minister can bring us up to date on the Clifford Williams case, which he will recall was discussed earlier this session. I have had some correspondence on this matter representing quite a body of people in my district which raises three questions. First, why has no appeal been launched? Second, what sentences did Williams' accomplices get? Third, why is there such a disparity in sentences meted out in Canadian criminal courts?

Mr. Garson: I am speaking from memory, but as I recall Clifford Williams was brought up on a number of charges of armed robbery when there was a rather severe epidemic of armed robberies in the district in which he was operating. It was suggested that he had used a toy pistol but there was evidence that members of the group with which he was associated had loaded revolvers with which this series of robberies were committed and that on one occasion one of his accomplices or associates had pistol-whipped a victim with his loaded revolver.

The magistrate sentenced Williams on a number of separate charges. The penalty for each case was not in itself so much, but instead of having the sentences run concurrently, which is sometimes the practice, the magistrate had these sentences run consecutively with the result that they added up to 28 years. That would have been an extremely severe penalty for any one of the offences, or for all of them put together for that matter.

It is true that in the remission branch of the Department of Justice we have a general rule that we do not release a prisoner until he has served half of his sentence. One of the main reasons for that is that in our view, and I think it is in accord with modern ideas of penology, one of the things which retard the rehabilitation of a prisoner is to have no hope. If he has some definite period like half of his sentence to which he can work to he has some incentive to try to rehabilitate himself while in prison and also if he is going to take any courses of education it indicates the period of time which he has in which to take them.

It does not follow from that that there are not cases in which the application of that rule would create hardship; and in Mr. Williams' case, as I have said on previous occasions and repeat now, it will be a question of his rehabilitation as a person rather than the total of the consecutive sentences which will determine the date upon which we can release him.

Mr. Van Horne: I should like to recommend to the minister that along with the remission service the federal government should also operate a rehabilitation service. It is one of the cruellest things a person can witness to see a prisoner come out of jail without sympathetic assistance to help him along the road during the first few hard months. This rehabilitation service could work along with the provinces and prompt those provinces where they are not doing anything at the present time to put into effect a system whereby the prisoner would be followed from the moment a charge is laid until he is rehabilitated after his sentence has been served, either in whole or in part.

Another thing I might mention. In this day and age it is my opinion that the big chain stores like Eaton's, Simpsons and others go out of their way to encourage people to buy on credit. They offer every inducement to people to go into debt. In a good many cases there are people who do not know how to control their own finances; people who are not too well educated can easily get over their heads in debt. They may be ignorant of the processes of law and therefore land in jail in many cases because they have gone into debt. They do not know what it is all about and they hate to go to a lawyer. They just do not answer a summons.

It is a pleasure for me to associate myself with the four or five hon. members who have spoken in this connection. I hope the minister will be prompt in giving this matter every consideration.

Mr. Garson: I should like to say just one word, otherwise a wrong impression might be left. In the administration of the ticket of leave act we provide after-care supervision for 70 per cent of all parolees in the Dominion of Canada. When one stops to think of the large number of these people who go into small villages and communities where it is impossible to provide after-care, he will appreciate how large that percentage is. Within six years the percentage has risen from 15 per cent to 70 per cent. I am not suggesting that my hon. friend's idea is not a good one, but I do say that as far as the federal government is concerned we have already gone a long way toward that end. The purpose of our present effort is to bring these matters to public notice throughout the whole Dominion of Canada.

Item agreed to.

Yukon territorial court—

171. Administration, including administration of justice—Yukon Territory, $79,020.

Mr. Simmons: Mr. Chairman, on this item 171 I wish to bring very forcibly to the attention of the Minister of Justice, and through him to the attention of the government, a serious situation recently created in the Yukon Territory—a situation that cries out for correction at once and for a return to basic principles of justice and fair play. I refer to the directive issued by the Department of Northern Affairs and National Resources dated July 23 last. It is a directive in terms applying to all federal government employees as well as all members of the armed forces of Canada. It prohibits any such persons from acquiring any interest in territorial lands except for housing purposes, under the terms of the Yukon Quartz Mining Act, Yukon Placer Mining Act and the Territorial Lands Act.

To fully appreciate the intent and effect of this directive it is only necessary to point out that under the Territorial Lands Act the word "land" includes mines, minerals, easements, servitudes and all other interests in real property.

I cannot speak out too strongly, Mr. Chairman, against this outrageously undemocratic directive. It is entirely without precedent and will result in the creation of two distinct classes of citizenship in this country, namely, a class with no unusual restrictions on its activities, and another class of citizens ruthlessly deprived of rights and freedom of choice that ought to be a normal part of their Canadian citizenship.

There may be some justification on ethical grounds for the issuance of such an order covering a very small group of civil servants whose particular work might give them preferred access to information on mining claims. But, in my opinion, it is a travesty of justice to make the directive apply to all government civil servants and to all members of the armed forces.

I have just returned recently from a visit to the Yukon and I found feeling in the territory against this arbitrary action to be running high. It is widely regarded as applying discrimination of the very worst kind. The civil service federation of Canada, Whitehorse-Yukon council, as well as the Whitehorse branch, Yukon No. 2, of the Canadian Legion, are already on record strongly protesting this violation of basic democratic rights. I want to urge upon the Minister of Justice with all the emphasis at my command that he take up this matter with his colleagues of the cabinet and have this unwise, unsavory and undemocratic directive rescinded without delay.

Item agreed to.

Combines Investigation Act—

173. Restrictive trade practices commission, $82,330.

Mr. Nowlan: I asked the minister this morning about the investigation in connection with the brewery case.

Mr. Garson: In that case, Mr. Chairman, the report was received some considerable time ago, over a year as a matter of fact. My hon. friend has probably read the report of the restrictive trade practices commission. It was noteworthy for the fact that they said in one of the paragraphs that an attempt had been made to bring the industry under control and in another paragraph that it was not actually under control. Therefore, without any question, it does pose quite a substantially difficult point.

We were unfortunate in that the counsel to whom we sent this matter for an opinion was taken very seriously ill, had to undergo an operation and had to go to the south to recuperate. However, on August 1 we had an opinion from him, and since that time, with the house sitting as it has, I have not had any chance to give it the careful study that we would have to give it in order to reach an opinion of our own. However, it will be considered at the earliest opportunity.

Mr. Hamilton (York West): Mr. Chairman, this is far from being the most popular item to say anything about and I rather gather that if you do say anything you are reputed right away to be a friend of big business. However, it seems to me that the commission is affecting the ordinary businessman more and more and it might be wise for a few words to be said on this item. Under section 19 of the amending act of 1952 it would appear to the ordinary reader that the terms of reference of the restrictive trade practices commission were to appraise the effect on the public interest of arrangements and practices disclosed in the evidence.

We are having volumes of reports, and it would appear that we have reached the stage where, as far as the commission is concerned, their conclusions deal simply with the question whether there has been a fixation of price and their findings have not gone any further to determine whether in fact the fixation of price is or is not in the public interest. I am reminded to a certain extent of my practice before the air transport board where the term "public interest" is used quite extensively. In the normal course there it is not simply a case of whether additional

companies are to be allowed into the field because there is a certain demand for the service. In the ordinary course the board goes beyond that to determine whether it might not be possible that the additional companies coming into the field might go bankrupt and whether this might have a detrimental result for the whole country.

Finally, I should like to say that in the United Kingdom the monopolies and restrictive practices commission in their investigations go beyond what has been the case here in Canada. They go beyond a mere finding that there has been a lessening of competition in order to determine whether on balance the public have been harmed, unaffected or have benefited by the specific lessening of competition which has been shown. I should like to point out to the minister that more and more we are hearing people say that this failure to take the next step in an investigation is having a very detrimental effect in many cases. Though we have started out in the right direction, it may be that the net result will be bad. It will do the public little good if we have a situation where, although we can say that there have been conversations and the fixing of prices it results in numerous small business people being put out of business. I suggest that the minister keep a very close watch on this particular aspect of the work of the commission so that if we go across the line where the public interest is not assisted we may consider making some amendments in the future.

Item agreed to.

174. Office of investigation and research, $441,993.

Mr. Barnett: I should like to raise some questions under this item with regard to the investigation that has been going on in British Columbia into the united fishermen and allied workers' union. The matter has been raised in the house on previous occasions by questions but I feel that the time has come when the minister should be prepared to make some statement as to the situation. I am not going to make a speech. I think the minister knows that I view with serious misgivings the activities that have been carried on in connection with this union. There are two questions I should like to put to the minister and I hope he will comment upon both of them. First of all, in view of section 4 of the act, which was designed to protect the trade union movement generally, why is this investigation being carried on? Second, if a combine did exist it is my understanding that it is something that has resulted from certain general activities, and I should like to know why the investigation was not inclusive not only of the one party to the agreement but also of the other party. In other words, how could such an investigation be launched into the union and not into the fishing companies who were parties to the agreements that have existed in British Columbia arising out of the bargaining that has gone on between those parties?

There is one other matter I should like to have clarified. I should like to know the situation with respect to the application for an injunction against the investigation launched by the union. I have a report here which appeared in *The Fisherman,* the union publication, the issue of July 3 last, in which it is said:

> It will be at least a month before the application of the united fishermen and allied workers' union for an injunction to halt federal investigators from searching and seizing union records will come before the courts.

The question that arises in my mind is, first of all, what has happened just recently in respect of that matter. The second question is this. When an application of that kind is before the courts, on which a decision makes for delay, does the investigation proceed as if that application for injunction had not been made? If that is the case it would appear—and according to the report here the moves for delay have been made by the crown —that in effect the delay could be construed as an effort to ensure that the investigation was going to be all completed before the application was heard. I think there are several points there which the minister could probably clear up while we are having discussion of this item.

Mr. Garson: Mr. Chairman, in one way I am glad my hon. friend has raised this matter, because I have received a large number of letters from labour officials in various parts of Canada which indicate that they have an inadequate and incorrect impression of what were the facts involved. By correspondence I was glad to clear up the misunderstanding in their minds; but this present question will give me an opportunity to put the explanation on the record where it can be seen by everyone concerned.

In this particular matter, in May, 1956, as the result of a formal application received in November, 1955, the director under the Combines Investigation Act commenced an inquiry into the production, purchase and sale of fish and related products in the province of British Columbia. The application alleged, in effect, that the members of the united fishermen and allied workers' union were combining to fix and enhance the price of fish sold by them to the canners and to interfere with the activities of other fishermen

in a manner that amounted to a restraint of trade to the detriment of the public.

In relation to the question of a formal application, I think I should say that there are three ways in which proceedings can be commenced under the act. One is on a direction by the minister to the director, which we very seldom have to use. Another is on the initiative of the director himself. Then in those cases where a group of Canadian citizens feel that the department perhaps is not diligent enough in the enforcement of the act, six Canadian citizens may make a formal application requesting that the matter be investigated. That privilege is rarely used, but it was used in this particular case.

When we receive this application the act provides that the director—and I now quote from the act—

> . . . shall . . . cause an inquiry to be made into all such matters as he considers necessary to inquire into with the view of determining the facts.

Once an inquiry has been commenced, it continues until—

> . . . the director is of the opinion that the matter being inquired into does not justify further inquiry . . .

—or until it culminates in a written report from the restrictive trade practices commission to the minister.

The director, having come to the conclusion that the application raised an issue to be inquired into, sent representatives to examine the files of various associations of fishermen, including the union, an association of boat owners and an association of packers. That is the other party, I suppose, that my hon. friend from Comox-Alberni has in mind in this matter. As the result of information obtained upon some of these premises, the director subsequently obtained authority from the commission to examine the files of the packing companies. That is what my hon. friend has in mind, is it not?

Mr. Barnett: Yes. One of the questions that has been raised, as the minister probably knows, is as to why the two aspects of this investigation were not launched simultaneously. I have heard it alleged that it was only as the result of an afterthought that the fishing companies were investigated.

Mr. Garson: No. I do not suggest that there was an afterthought. As a matter of fact, if an illegal agreement existed it would exist in relation to all these people. They are the alleged parties to an alleged agreement. Section 4 of the Combines Investigation Act, the one in question, provides as follows:

> Nothing in this act shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen or employees.

Obviously, Mr. Chairman, there can be no abridgement by the combines branch or anyone else of the protection conferred by section 4 upon trade unions, and I do not think any person would wish to abridge this protection. If the activities in question are found to come within section 4, then that is obviously an end of the matter. The director took the view that in order to obtain the facts upon which to form an opinion as to whether or not section 4 did apply, he would have to see the files of the organizations I have mentioned. The purpose of any steps that have been taken to date, therefore, has been simply to ascertain the facts in the manner which the act provides.

Should the director, upon gathering the facts, be of the opinion that section 4 does not apply, that of course does not settle the matter. What happens in such a case is that if the director believes there is a contravention of the anti-combines legislation, he prepares a statement of evidence and presents it to the restrictive trade practices commission and to any parties against whom allegations are made in the statement. The commission, which is an independent body, then sets a time and place for argument, and at this stage any party against whom an allegation has been made has full opportunity to state his case and to show that section 4 does apply, or that the activities in question are in some other respect not within the application of the act. Even should the commission decide that section 4 does not apply, their conclusion is not binding because the only final authority on the subject is the court.

The union, a few days after the director commenced to examine its files, brought an action against the director in the supreme court of British Columbia, asking for a declaration that section 4 does apply to the activities into which the director is inquiring and asking for an injunction to restrain the inquiry. Some weeks ago the director undertook to hold the inquiry in abeyance, so far as the union is concerned, until the court had given judgment in these proceedings, provided they were not delayed and that proceedings should take place in a normal way.

While, as I have said, if the activities in question are covered by section 4 they are not subject to the Combines Investigation Act and that is an end of the matter, I would not, however, like to see any group take the stand that the director should not even commence an inquiry into a situation where

a trade union was involved. Such an attitude would, in my view, greatly weaken the general public support which the act receives.

No such action has been taken by a union in the past. It was not taken, for example, in my own city of Winnipeg when the activities of a Winnipeg local of a Canadian union were inquired into in connection with the investigation into bread prices in Winnipeg several years ago. It goes without saying, of course, that when an inquiry has been started it is open to a union to show, either in the course of the inquiry itself or in the kind of proceedings that are now taking place in the court, that section 4 applies to the activities in question.

My own hope would be that organized labour in Canada, which has always been a strong supporter of the anti-combines legislation, would adopt the attitude that their files were always open to examination under the Combines Investigation Act, reserving, of course, the full right which they have to argue, when the facts have been made known, that any particular activities are within the embrace of section 4. If there are any activities that are being engaged in by trade unions today that are not within the embrace of section 4, then it seems to me that it is in everybody's interest, including the unions', to know that such is the case.

As to the manner of this inquiry, I understand that it was carried on in the same way as are practically all other inquiries under the Combines Investigation Act. The director under the act is responsible for commencing investigations. I can instruct him to commence an inquiry but I cannot instruct him to terminate one, nor can I tell him how to carry it on. That was the will of parliament, namely that the director should have a certain independence of action; and obviously if he is to carry out the purposes of the act he must be allowed a certain amount of discretion as to how to proceed. Should it appear that he is going about abusing that discretion, that, of course, is another matter which would involve the government in direct responsibility as to whether he were a proper official. There is, however, in my view nothing upon the record so far that would warrant the view that the powers of the director are being abused.

Mr. Barnett: I am not going to comment or discuss this matter any further at this time. I want to thank the minister for having made a fairly complete statement on this, and I know it will be studied by the many trade union bodies.

Item agreed to.

[Mr. Garson.]

176. Administration of the office of the commissioner of penitentiaries, including $50,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $420,953.

Mr. Nowlan: I simply want to say that ordinarily this is an item which promotes considerable discussion in the passing of these estimates. But in view of what I said this morning and the general process of reconditioning, shall I say, that is going on in the department,—though it is not directly related to penitentiaries, yet to some extent the matter of ticket of leave is connected with or depends upon this—at this time I do not propose to discuss the penitentiary administration. We have all read magazine articles and there has been a great deal of discussion so that a person could spend hours on the item, but I doubt if any useful purpose would be served at this time. I simply want it on the record that the official opposition is not entirely ignoring the fact we have penitentiaries, but we feel a discussion of this matter, in the light of the general streamlining of the department, could be done much better another year. There will be no further discussion, though there may be some questions.

Mr. Jones: Last year the minister indicated that he intended to ask for increased penitentiary facilities in western Canada. At the time he was not sure at what point the new penitentiary would be built. Has the department come to any conclusion yet, or has the situation improved to such an extent that they are not going ahead with it.

Mr. Garson: No decision has yet been reached as to the location.

Mr. Herridge: When is it likely a decision will be reached?

Mr. Garson: It is rather a large subject into which I do not want to go too deeply, because it will take up too much time. One of the important matters in the Fauteux report is whether or not we are going to have the responsibility of taking care of all prisoners whose sentences are over six months instead of, as we do now, for those whose sentences are for over two years. That would increase our responsibility as to the number of prisoners we would have in our charge, and that is a recommendation which has quite an impact upon our plans and which we will have to take into account not only in relation to this particular matter but right across the board.

Mr. White (Middlesex East): I see there is an increase of $22,627 in this item. Does the John Howard society enjoy an increase along with the others?

Mr. Garson: Yes, it does.

Mr. White (Middlesex East): Of about how much?

Mr. Garson: From $40,000 to $50,000.

Mr. Winch: I have one brief question. May I ask the minister if he has now stopped that hellish practice of keeping a man over one year in solitary, in the hole, without any break whatever? He knows the cases. Has he stopped that practice?

Mr. Garson:—I always thought my hon. friend was a very good friend of mine, but this question he is asking now is really akin to the one, "When did you stop beating your wife?"

Mr. Winch: The fact is that you have not stopped beating your wife so far as that point is concerned. What are you going to do?

Mr. Garson: My answer is that I am not now beating my wife.

Item agreed to.

178. Construction, improvements and equipment, $1,566,222.

Mr. Low: I notice that under item 178 the sum of $200,000 is appropriated for new institutions. Can the minister tell us what those new institutions are?

Mr. Garson: That is the item which is to acquire the land and provide for the erection of this penitentiary in western Canada, either in western Alberta or British Columbia, and another in eastern Canada. It, too, is subject to the remarks I made a few moments ago as to the effect of the Fauteux report upon the whole picture.

Item agreed to.

645. Construction, improvements and equipment —further amount required, $150,195.

Mr. Stanton: Can the minister state whether the department expects to purchase any further property at Joyceville for the new penitentiary they are expecting to build in that area?

Mr. Garson: Yes, Mr. Chairman.

Mr. Stanton: Did the minister consider any other property before purchasing the Ben Franklin farm? Did they have any other property under consideration?

Mr. Garson: Yes, Mr. Chairman.

Mr. Stanton: In these supplementary estimates the purchase of this Joyceville property is in two items. One is $48,097 and the other is $73,250. According to *Hansard* of June 27 the price paid for one property was $123,000. Why does that amount not appear on the supplementary estimates?

Mr. Garson: A portion of that was paid out of an item in the main estimates.

Mr. Stanton: The minister has informed us that they had other property in view in that immediate area. I know the area quiet well, and I wonder why they purchased this property of 427 acres. There are only about 175 acres of tillable land in the property, and they could have purchased property to the south or to the north with at least 80 per cent or 90 per cent tillable land. The balance of this property is only slash and swamp. Has the government made any offer for this other property, or how far have the negotiations proceeded in connection with this particular property?

Mr. Garson: Yes, we have made an offer but so far it has not been accepted.

Mr. Stanton: I should like to ask the minister what offer has been made.

Mr. Garson: In fairness to the taxpayers and the government I do not think I should reveal the offer. We are trying to drive a bargain. If we fail, having regard to the fact that this second piece of property to which my hon. friend is referring is contiguous to the main part of our property, we will have to get it. This would mean we would have to expropriate it, and the whole question of what it is worth would have to be decided by the courts. I do not think we should commit ourselves to any statement on its value, even in parliament.

Mr. Stanton: It has been the considered opinion of many of the residents, not only of this particular district but throughout Kingston—the minister is well aware of it—that the object in building the penitentiary there is to relieve overcrowding in Portsmouth penitentiary and to bring out the short-term prisoners, or what I should like to call the trusties, to this penitentiary. I also believe that the city is desirous of obtaining the penitentiary farm at Kingston to use the land for building purposes, for industry, and so on. The idea of this new penitentiary farm is to take the trusties to it.

As I said before, it is the considered opinion of many well-informed people in Frontenac and in Kingston that it would perhaps be much better if a penitentiary of this nature, which has a farming connection, were so placed that the trusties could not so easily escape. As we all know, not a year goes by without many men escaping and remaining at large for quite some time. It would have been better if the penitentiary had been built on one of the islands adjacent to Kingston. There are the islands of Amherst, Wolfe and Howe. Many of the farms on the islands contain from 90 per cent to 100 per cent

tillable land. It would be very much more awkward for the prisoners to escape from those islands than from a penitentiary on the mainland. I might say that many of the residents of that community know of these circumstances, and when it is mentioned to them they smile; some of them laugh out loud and others swear.

This particular piece of property, Mr. Chairman, has an assessed value—and I might say this assessed value is the new equalized assessment that was made by an experienced assessor within the last two years—of $20,125. For this property the department is paying $123,000. Perhaps $123,000 could have been tolerated had the property been expropriated, but I might inform the committee that the gentleman who owns this property is selling it in pieces and, according to the assessment, $123,000 is far in excess of the selling price of any other portion of the property.

As I said before, there are only 175 acres of tillable land. There are 250 acres of slash and swamp which is of no use whatsoever. Another portion of the land consisting of 205 acres of tillable land was sold at just about the same time for $25,000. Perhaps the buildings are not quite as good, but I should like to say to the committee that while there are exceptionally good buildings on the land that has been purchased by the department, still, as many hon. members here know, especially those whose constituencies are adjacent to Kingston, the Kingston penitentiary specializes in a dairy herd. They have an exceptionally large and good dairy herd, one of the best in Canada.

While the buildings on this particular place are exceptionally good, they are built for beef cattle and certainly are not buildings that are required for a dairy herd. They are not appropriate for the carrying on of that kind of dairy business. It will cost many hundreds, yes, thousands of dollars, to remodel the barns to take care of this dairy herd and the dairy equipment.

Mr. Garson: If it will reassure my hon. friend, may I tell him that it is our plan to move our beef herd to these particular premises and our dairy herd out to the farm at Collin's Bay.

Mr. Stanton: There is another point; the Canadian Bank of Commerce is one of the creditors of this estate to the extent of $200,000. I might say, Mr. Chairman, that the Hon. Mr. Campbell, who is a senator, is a very good friend of the owner of this particular farm; not only that, but Senator Campbell is a director of the Canadian Bank of Commerce. If the price paid for this farm had been in the same proportion as the price at which the department is trying to purchase the adjacent farm there would not have been enough assets to satisfy the Canadian Bank of Commerce.

I might say here, Mr. Chairman, one other thing. I know about how much the department has offered for the Franklin farm. If $123,000 is not too much for the property they have purchased, the price offered for this other farm which belongs to Mrs. Franklin is not half enough. If the price offered Mrs. Franklin is enough for her farm, the price of the Ben Franklin farm is exorbitant.

It seems to me, Mr. Chairman, when one takes all these facts into consideration; when one knows there is other property, much better property, which could have been purchased for less money; and when one knows that Senator Campbell is a director of the Canadian Bank of Commerce and that the Canadian Bank of Commerce is a creditor of this particular estate, it seems rather suspicious that this deal should have been put across. I leave it at that, Mr. Chairman. I know what the people around Joyceville think. As I said before, they smile and laugh out loud; some of the creditors swear. I leave it to members of the House of Commons as to what they think. I am not a lawyer, just a common chap, but I know the situation. The other residents know it as well and, as I said before, it looks rather suspicious.

Mr. Henderson: Mr. Chairman, since I represent the constituency in which this land has been chosen for a new penitentiary I might say that I can truthfully speak on behalf of the residents of all of the constituency, the district of Kingston and the township of Pittsburgh. It is my considered opinion that they are most happy about it.

As far as moving to an island is concerned, since I have some experience of islands in that district, may I say it would be very unfair to ask the guards, or those in charge of administration, to live on an island and increase their cost and expenses because we might have to consider, as we have done before in this house, an increase in salary for guards, which was granted by the minister's department and was highly appreciated by the guards. The guards have a very exacting job; therefore in this instance I think the penitentiary branch has shown very good judgment in having the penitentiary on the mainland. We should also think of available emergency services for both guards and convicts. When we had a riot a couple of years ago the armed forces were available to help, to step in and stop any riot which occurred and assist in the protection of the people of Canada as a whole.

I was rather surprised by the statement made by the hon. member who has just taken his seat, to the effect that the people in the district were very dissatisfied, though I am sure he said it in all earnestness.

Mr. Stanton: Mr. Chairman, on a question of privilege, I did not say they were dissatisfied. I said they know the situation and they just smile. I did not say they were dissatisfied or anything of the kind; they just smile at the circumstances.

Mr. Henderson: Perhaps I took the smile on the hon. member's face as being a little deceptive concerning the attitude.

I must say one of the best examples of public relations I have ever seen occurred two weeks ago in the township of Pittsburgh, when every member of the council including the clerk attended on the commissioner of penitentiaries and discussed future plans for the development of the penitentiary in that area. It was gratifying to know that the council took sufficient interest in township affairs and in the development of the township and the district surrounding the area where it is anticipated that the penitentiary would be constructed to go and see the commissioner of penitentiaries and discuss their common problems with him. It is my considered opinion this is an advantage both to the township and to the Department of Justice.

When we talk about trusties being allowed to work on farms, it may be that some residents feel concerned or alarmed about escapees from the penitentiary. I have lived close to penitentiaries during a great deal of my lifetime; I have had quite a bit to do with people who live in penitentiaries, and I believe common sense dictates that when anyone escapes from these institutions the established pattern is that they get as far away from the penitentiary as they possibly can, and they do so as quickly as they can. They do not stay around the district at all.

An hon. Member: Right from the horse's mouth.

Mr. Henderson: Across from Collin's Bay penitentiary there is one of the largest subdivisions in that district. Over 200 homes have been constructed in 14 months. This subdivision is situated, as I said, right across the road from the penitentiary, and the people who occupy these homes show no concern for escapees. This may be another case of an alarmist predicting that the people in the district would be concerned about this. I confess I have not heard any expression of concern about it. The only alarm I have encountered is that many people from Seely's Bay, which is in my hon. friend's riding, have come to me asking if I could do something on their behalf to see if they could get a job in the penitentiary there.

Mr. Hodgson: Tell us about the land deal.

Mr. Stanton: Mr. Chairman, the hon. member for Kingston has just spoken about the council meeting that was called to formulate plans. I am quite certain that if the land had been purchased north or south in that municipality or in any other district within the municipality the council there would also have met to formulate plans, just as they did in this particular case.

An hon. Member: Sit down.

Mr. Lennard: We will say when we sit down, not you. Come out from behind the curtain.

Mr. Hodgson: Come on out and let us have a look at you.

Mr. Stanton: The hon. member for Kingston and I have a certain amount in common. We were both born on farms and spent our early boyhood years there. The only difference between us is that I am a Conservative and he is a Liberal, and he has followed a more lucrative path than I have.

I wish to state here, Mr. Chairman, that I did not say the residents of the area are afraid of prisoners escaping. I was referring to the fact that prisoners may escape, and I mentioned the difficulty in apprehending them. However, I shall leave the matter at this point so the people in the house can draw their own conclusions.

Mr. Hamilton (York West): Is the minister not going to say anything in connection with the price for this property? Would he tell us if this firm is the same firm that was involved in the other transaction?

Mr. Garson: For the reasons I have already stated and with all deference to my hon. friend, I do not think it is desirable to ask that we, on the eve of what may be an action in the exchequer court to determine the value of the additional property we are attempting to secure, should have to commit ourselves to the submission of any of these valuations. I am quite prepared to defend this whole transaction expressly upon the point of value when this matter is completed, but until it is completed I do not think we should be asked to do it.

Mr. Stanton: Mr. Chairman, about ten days ago I filed a motion for the production of papers. I was wondering if the minister could tell me when I could expect that request to be complied with.

Mr. Garson: Would my hon. friend remind me as to what papers he wanted in that connection?

Mr. Stanton: I wanted copies of all papers, correspondence and so on with regard to the purchase of land.

Mr. Garson: Yes. It will be just a matter of days; the matter is in hand.

Item agreed to.

DEPARTMENT OF FISHERIES

Field services—
Protection branch—
140. Operation and maintenance, $3,288,650.

Mr. Barnett: Mr. Chairman, when we last had the estimates of the Department of Fisheries under discussion on June 8, I was in the midst of addressing a question to the minister in respect to the retirement of patrolmen who are hired by the department on a seasonal basis. I had made some mention of a few reports I received of some of the earlier activities of the patrolmen before they were taken over by the department, and the minister questioned whether these activities were a recommendation for the job. I suggested that perhaps the experience they had might have prepared them to render more efficient service to the department.

The concern I have about this matter is that it has been represented to me in some cases at least that the compulsory retirement of some of these patrolmen at the age of 65 would have a bad effect upon the efficiency of the department because of the difficulty of replacing them with people with adequate experience. I was about to point out that my observation is that in many cases older fishermen who feel they no longer want to engage in full-time fishing activities are willing to enter into this work with the department.

I did ask a question related to this matter, of the Secretary of State when the estimates of the civil service commission were before the committee, in an attempt to determine whether compulsory retirement is a matter of decision within the Department of Fisheries or whether it is a matter of the implementation of a broad government policy through the civil service commission, and the Secretary of State indicated to me that it is a matter lying within the decision of the Department of Fisheries. That being the case I hope the minister will give it some consideration.

Mr. Sinclair: Mr. Chairman, the matter of retirement at 65 years of age is of course the general practice in government service, but there is always the possibility of extensions. These patrolmen on the west coast are seasonal employees, and the type of work they do is rather rugged, being mostly in isolated inlets and coastal areas. Another important consideration is physical vigour. It is quite true that when most men reach 65 years of age they simply cannot undertake the type of work that can be done by younger men. We do keep men on over 65 years of age if they are in good physical shape and if we cannot get suitable men of younger age. We do not want our Department of Fisheries staffed entirely with old men. It has been said by the opposition that the cabinet is old, but we certainly do not want to have the Department of Fisheries patrolmen made up of men over 65 years of age. Where there is a good case we do extend employment beyond the age of 65 years.

Mr. Barnett: I am glad to hear the minister say that. Actually when I raised the matter some time ago what was worrying me was that this was being done because of some directive passed in Ottawa, and was more or less beyond the power of the minister to control.

There is another related matter I should like to bring up. I have been impressed generally with the fine morale of the people in the Department of Fisheries, and I would not like to see anything done which would cause a lowering of that morale. I have had some problems brought to my attention which have arisen in the minds of some of the patrolmen in relation to the implementation of the five-day week. The reaction I get from some quarters is that some of the patrolmen would be quite willing to work more or less around the clock during the season in which they are engaged, particularly in territories where the application of the five-day week might be difficult to carry out. I need not explain to the minister that I am in favour of the five-day week, but some of these men feel that it is to their disadvantage to maintain inspection over the week ends.

I think we realize that patrolmen, particularly when working in isolated inlets along the coast of British Columbia, are hard to replace over the week end. I am wondering whether the minister has had this particular problem in view. Here again I am wondering whether there is freedom of action within the department to adjust the situation to the realities that exist, or whether this is carried out under some directive of the civil service commission.

Mr. Sinclair: The application of the five-day week to the protection officers and the crews of our protection boats has worked out quite satisfactorily by the use of relief

crews. The problem raised by the hon. member for Comox-Alberni is one affecting his riding, your riding, Mr. Chairman, and my own riding. In all these ridings there are patrolmen operating in isolated inlets where it is sometimes difficult to relieve them.

These men are hired on a seasonal basis. It is quite true that they are very busy at times, but there are also slack periods when the fishing season is closed during week ends generally in British Columbia. We have found generally that the value of conservation is so well thought of that we do not have much of a problem in carrying out patrols during closed seasons.

We have worked out a system of compensatory leave which is granted at the end of the fishing season to make up for the extra time worked. Some of these patrolmen are hired with their boats. We pay a charter fee for the boat as well as a salary to the man. These men want compensatory leave for their boats as well, and that is just a little beyond my power to grasp at the moment. We have not yet agreed to pay charter rates for compensatory leave for the boats after the end of the season.

Mr. Barnett: I heard something of what the minister is talking about and I shall not pursue the matter, because I do not claim to know more about the department than does the minister. There is one other matter I should like to mention. The minister referred to the increasing appreciation of the value of conservation on the part of commercial fishermen in British Columbia, and I agree with what he has said. But there is increasing concern over the depredations of the fisheries by sports fishermen, particularly by yachts and cruisers which come north from United States ports. I think most people in British Columbia recognize the value of the tourist fishing industry, but it has been brought to my attention that in many cases these large sports vessels, which I understand are allowed by regulations to come into our waters, take advantage of our latitude in this matter. Some of our United States friends have made the statement to Canadians that they thought we were suckers for allowing them to get away with what they do.

As an example, it was brought to my attention that a United States boat took 99 spawners in Muchalat arm at the mouth of the Gold river. That boat travelled by sea, I suppose from a Puget sound port, directly to the fishing grounds and returned the same way and did not spend a dollar of tourist money in British Columbia during the few days fishing.

This is a problem to which we should give attention. I understand that some additional restrictions have been put into force as to the number of fish that can be caught, which I believe is a move in the right direction. This is a problem which we expect the Department of Fisheries to keep very well in hand.

Mr. Sinclair: There is the happiest of relationships between the sports fishermen and the commercial salmon industry in British Columbia. The sports fishermen caught somewhere between 200,000 and 250,000, a quite considerable number of fish. The commercial fishermen are very glad to have such a large active group as the sports fishermen to help them in their efforts against the encroachment of power into these fine fishing streams.

My hon. friend referred to the yachts and cruisers which come up and go back without spending one dollar. This is something which is aggravating to the ordinary sports fisherman in British Columbia, but I would be most hesitant to introduce a licence fee for sports fishing in British Columbia, because that is about the only area in Canada where a Canadian citizen can fish without having to pay even a $1 licence fee. Since there is no licence fee for Canadians it would be rather difficult to impose a licence fee on United States fishermen.

I know that in various provinces across the country there is a considerable difference in the sports fishing licence fee for Canadian residents and for foreigners. However, that matter is under study right now. We hope to come up with some new policy during next winter but, as the hon. member has pointed out, we have taken the first steps already in restricting the catch in the most famous of the fishing areas, Rivers inlet and Phillips arm. The question is under continuous review.

Item agreed to.

141. Construction or acquisition of buildings, works, land and equipment, $285,950.

Mr. Barnett: I do not want to be the only member jumping up here, but there is one point I should like to mention to the minister on this item. As I understand it, this item has to do with the provision, among other things, of accommodation for some of the fisheries officers. I make this suggestion for his consideration. Where housing accommodation is being provided for officers of the department I suggest that consideration might be given to including the provision of one or two basic items such as kitchen stoves and the heating system. It has come to my attention that in different communities they have

different types of fuel and the type most easily available should be used. Sometimes a man is moved to another area. In such a case he may make arrangements with the incoming man to take over that equipment, but in some cases that is not feasible because the man coming in may have his own.

It seems to me that it would be a reasonable arrangement if we were to provide the necessary money to equip the houses with the basic items which would go along with the house, and which are heavy and difficult to move. I know that the place I rented in Ottawa last winter was equipped with a range and a refrigerator, and when landlords are willing to do that sort of thing it does not seem to me unreasonable for us to make provision of that sort in isolated places.

Mr. Sinclair: We do not do that at the present time in these fisheries officers homes which we build in isolated areas where there is no other housing accommodation. We do pay the removal expenses on the furniture of our officers when they are moved. Most of our officers in these places have a fairly long tenure there, and once they get in one of these nice homes they are very reluctant to move. We do pay the removal expenses on their furniture if they are posted away from one of these government houses.

Item agreed to.

Fisheries research board of Canada—

149. Headquarters administration, $135,070.

Mr. Nowlan: This is the first item on the fisheries research board, and there are two matters I wish to draw to the minister's attention in connection with the board. I am sure we all appreciate the studies and work which have been done by the board. Some most interesting research work has been carried on, and I believe the expenditure is one which is thoroughly justified.

I spoke to the minister this morning, and I should like to ask him now concerning one report issued by the research board; then there is another one I wish to ask him about later. First of all I should like to refer to the one dealing with the green crab. If anyone wants to read a thriller or a detective story or crime mystery novel on the Hitchcock style I think he should read this little booklet on the predations of the green crab. In short, apparently this is a new infestation which has been working up the Atlantic coast. Many years ago it was found in southern waters, and apparently due to the slight change of temperature and the fact that our waters have become warmer during the last few years this crab has been moving up our coast. Five years ago it was off the coast of Maine and now it is at my own back door. It is moving altogether too fast to suit me, because it is in Minas basin and I can throw a stick out and hit them in the water.

Apparently it is an infestation which is going to cause very serious damage, particularly to the clam fishery. In this booklet, which I presume all members have received, there is an illustration of a little wooden trap with wire mesh siding. The trap is 24 inches long, 18 inches wide and 12 inches high. Yet two of these traps set out for a period of 20 days caught 14,965 crabs; just 35 short of 15,000 in 20 days. The only reason they did not catch more is that the officers in charge could not empty them fast enough. Every time they went out the traps were completely filled again.

According to the report, what is left of the clam fishery, limited as it is by infestations, restrictions and so on, will be completely destroyed by the green crab unless the department or the research board evolve some method of dealing with them. Apparently when this report was published a few weeks or a few months ago they had no hope of being able to do that because there was no way in which they could be controlled without the use of poison which would remove many other species as well. Since it is a matter of substantial importance to the clam fishermen, and since it also illustrates the very useful work which the board is doing, perhaps the minister could give us a word or two on it at this time.

Mr. Sinclair: I must thank the hon. member first of all for his very well justified praise of the fisheries research board of Canada. It is one of the very top flight research boards in the world, one reason being, of course, that we are one of those nations which have a national department of fisheries and national control over fisheries. They have done splendid work in many fields.

When I was in Russia last summer I saw how large their fishery establishment was. They have a larger fishery than we have, but I am sure that the quality of their work is no better than here at home. That is why I am so keen to have two of the top Russian scientists here this fall to visit our research stations.

As far as the green crab is concerned, that is something new to Canada. As the hon. member for Digby-Annapolis-Kings has said, that particular publication of the fisheries research board reads more like a mystery thriller than their usual publications with their very long words and obscure phrases. I think it was in 1951 that the

green crab was first noticed in the bay of Fundy. It has moved up from Chesapeake bay, up the Maine coast—

Mr. Nowlan: In 1954 it was only as far as Passamaquoddy.

Mr. Sinclair: That is even later than I thought. The scientists relate its appearance to the general warming of the waters of the north Atlantic. It is found all over the world in warmer waters, and I understand that nowhere in the world has any satisfactory way been found to check it. It is impossible to poison the sea. We find it very difficult even to poison lakes to kill coarse fish or lampreys but it is impossible, of course to poison the sea.

The main method of attack is to try to discover some other animal which will kill them or some disease or virus with which we can affect them. The particular damage this crab does is to shellfish. Although it is only a small crab, it has very powerful claws and can crush small clams, oysters and mussels. One shellfish which it does not attack is the barnacle, and that is one where we would welcome some parasite in order to destroy it.

Our scientists are working on the problem. They are trying to find some other animal which will kill this crab or some disease which will wipe it out. One ray of hope comes from another branch of fisheries science, oceanography, because the indications now are that the waters are beginning to get a little colder. There may be one of those long cyclical retreats, in which case the crab will retire down the coast.

Mr. Nowlan: There is one other publication I want to draw to the minister's attention, particularly in view of the discussion we had a year ago when I suggested that the fishing regulations which had closed all the rivers along the Northumberland strait should perhaps be relaxed by the department. At that time the minister appealed to my spirit of conservation. He suggested that we were all very interested in preserving the salmon fisheries, that these restrictions were necessary, and that at the moment at least he could not consider any relaxation of them.

I should like to draw the minister's attention to another very interesting report which has been prepared by the research board. He will find it on page 13, No. 139, progress reports of the Atlantic coast stations, for November, 1955. This deals specifically with the problem of salmon fishing on the eastern coast. It points out that there we have had, ever since 1874, records of catches taken. Records are prepared showing the catches from year to year, the parent run from year to year and the fact that there we have a six-year term between the parent spawning and the offspring return. Having compared all the records of the catches since 1874 the board now comes up with this summary, and here I am quoting from page 14 of the progress report:

> It can plainly be seen that no relationship whatsoever is evident between the sizes of catches from parents and their offspring. This conclusion has been tested mathematically and shown to be a safe one.

I suggest that if that deduction is correct —and I am sure it is one that the minister would not question, coming as it does from his officials—I think the time has come for him to reconsider these regulations, because what they were dealing with were regulations relating to sports fishing in the rivers, not to fishing in the sea. It is said here that in the rivers in the years in which the biggest catches have been taken they have the biggest return, whereas as to years in which there was a very small catch, six years later there may have been none return. At least that is the summary. I simply am bringing the matter to the minister's attention now, not in the regular manner. I wish he would read that report, then apply it to the discussion we had a year ago, and see whether he could not consider some relaxation of these regulations.

Mr. Sinclair: I have not only read that report but I have read much else on the Atlantic salmon, because I think it is the thorniest problem which the department has to face. It is a very valuable resource, both commercially and especially as far as sports and tourist attractions are concerned. There is no doubt that over recent years, on the whole the catch of Atlantic salmon has declined.

We have gone into the main reasons previously. One is the great increase in the number of fishermen and the opening up of these streams right to the headwaters with roads in New Brunswick, Nova Scotia and Newfoundland; the five-day week which gives everybody a couple of days instead of just an afternoon or evening to fish; and holidays with pay. The second factor is the increasing industrialization in New Brunswick. At times we hear from the hon. member for Restigouche-Madawaska about how far behind New Brunswick has fallen, but we see the other side of the story. This industrial use of water for industry, for hydroelectric dams; the pollution of water because of industry; this spruce budworm spraying, which is another effect of industrialization, all these things take their toll of Atlantic salmon.

In the report which the hon. member mentioned I think he has taken that remark a little bit out of context. There is no direct and immediate relationship between the number of fish removed from a stream on the Atlantic coast and the returning catch. The Atlantic salmon spends three years in a stream. Much more important than the actual catch are other factors such as the presence of food in the stream, the type of winter, the availability of spawning beds because of variations of high water and low water, depending on the climate. But it is certainly a factor, and one which we can control.

I am quite heartened by the very good work which has been done by the Atlantic salmon co-ordinating committee, which is composed of our deputy minister of fisheries and the four deputy ministers concerned with fisheries in the provinces. We have brought in uniform regulations. We have cut down on the fishing season in the hope of restoring the salmon fisheries on the Atlantic coast. We are sure we can do it. We have good reason for that. Most of our reason is based on the fact that we have done this on a much bigger scale on the west coast. We are certainly getting public appreciation and co-operation.

One of the reasons I think it is important to prosecute this company which for the third time sprayed one of our hatcheries is to draw to their attention the fact that we regard this resource as an extremely valuable one, and to serve notice on them that they must be more careful in the future than they have been in the past.

But I think I can give a fairly progressive report—not an optimistic one—and say that I believe we have turned the corner in connection with restoring the Atlantic salmon resources for both commercial fishermen and sports fishermen.

I certainly do not intend to get into any argument at this time as to the relative value of the commercial fishery and the sports fishery. Our job is to restore the fish so there will be an adequate catch for both these fisheries.

Mr. Nowlan: I simply drew the minister's attention to the matter. I am not quarrelling with what he said, but apparently the restriction of catches is not the most effective way in which this objective is to be accomplished. I think the last sentence in the report bears out that statement:

> Therefore if we want to increase our salmon stocks we must look for more promising ways than merely placing further restrictions on fishing.

That is, of course, what the minister himself said a few moments ago in dealing with the problem. I am suggesting that less emphasis should be placed on the restriction of sports fishing and that more emphasis should be placed on increasing the number of fish.

Mr. Sinclair: We are trying to approach the problem from every angle.

Mr. Bell: I should like to ask one question with reference to this budworm spraying. I am not referring to the unfortunate occurrence to which reference has been made, but I want to ask the minister whether a report is now or will be available with regard to the general effect on salmon growth of budworm spraying. Some conflicting statements have been made. Various pseudo experts have said that it may not affect the salmon, while other officials come along and say it will. Now that we have the cycle of growth nearly complete, I am just wondering whether the minister can say something about the matter.

Mr. Sinclair: I shall be very happy to make a few comments on that matter, Mr. Chairman. About two or three years ago I brought the top scientists of our department to a meeting of the Atlantic salmon association, which is perhaps the major association of the Atlantic salmon fishermen sports, and we discussed the whole problem.

To begin with, the spraying for the spruce budworm is just as essential for the continuance of the salmon fishery as it is for the continuance of the pulp and paper industry in New Brunswick. For this reason. If the spruce budworm is allowed to spread and destroy the forests, then there is no cover for insect life on which the small salmon and trout feed. The rivers are ruined because there is no hold-back of the moisture from rain. Then by this run-off the gravel beds on which they spawn are washed away. We certainly realize that this spraying for spruce budworm must be done. But we should like to see it done in a way which would damage the fishery as little as possible.

As far as the effects of the spraying are concerned, we have quite dramatic evidence after three years' study. On the Miramichi river the actual spraying concentration, as I recall it, was a very light one. But if it is as effective on the spruce budworm on the trees as it is in the streams—not on the salmon, but on the life in the streams on which the salmon feed; the fry, the smolt, and the parr—it will serve the purpose intended. In the first three years of their life in the upper Miramichi the young salmon need insect life for food. The spraying almost completely wiped out the insect life in the stream itself. It has a consequent effect actually on the small salmon. That was shown in the hatcheries where their feed

was not affected. Other places were affected by quite heavy concentrations.

We have no hostility to the spraying. We know it must be done. What we tried to work out, when they showed us their spraying plans, was to keep them if possible away from the fringes of streams and especially to avoid all our hatchery areas. On the whole it has worked out fairly well. We know that in the years ahead, when the six-year return comes, there is going to be very poor fishing in parts of the Miramichi because of that loss. The thing we must do is step up our hatchery program in order to restore the natural balance, because we hope by that time the necessity for spraying will be gone and that insect life in the streams will be back to normal. Then we can build up the streams. Last year we put over 10 million salmon fry into the streams down there. I think we can step up that program in the years ahead provided, of course, the planes do not come across our hatcheries and spray them again.

Mr. Barnett: I should like to join with the hon. member for Digby-Annapolis-Kings and the Minister of Fisheries in expressing appreciation of the work that is being done by the fisheries research board. I have in my hand a little clipping which came to my attention. It is taken from the issue of the Campbell River *Courier* which reached me this morning. I thought the minister might refer this matter to the fisheries research board for studies. The headline reads "Blackfish doing Rock and Roll?" The story states:

> A roving blackfish or killer-whale caused plenty of excitement Saturday as it put on acrobatic display in the discovery passage waters off Big Rock.
>
> Mrs. Boyd Wilson, Big Rock store, reported the creature was rearing and tossing in the water and appeared to have some sort of parasite, like a gigantic lamprey, attached and causing the eccentric thrashing about.
>
> Mrs. Walter McClean also saw the creature and said that it was rearing and leaping right out of the water, poising on its strong tail, and then would hit the water with a resounding thud. The "jitterbugging and waltzing" continued until it was abreast of the police station, then course was changed towards the Indian village. It was last seen heading south.
>
> What was the mystery of the monster of the deep?

Perhaps I could send this across to the minister to turn over to the fisheries research board for appropriate study. In a more serious vein, Mr. Chairman, I should like to ask the minister what the situation is in regard to the blackfish as a salmon predator on our coasts. I have had one report given to me that there were 25 salmon found inside one young blackfish which was caught in a seine net. I was wondering how serious a predator the blackfish is.

Mr. Sinclair: The word "blackfish" at home is used rather loosely to describe either a porpoise or a killer whale. I do not think the porpoises are a very great threat to the salmon. If they do get caught in the seines or in the gill nets they do a fair amount of damage. The killer whales are probably the most dangerous fish, and they will even attack great whales or sea lions. Most fishermen watch them pretty carefully and keep away from them. I think people often get more alarmed by the playful thrashing of these porpoises than there is really any need for.

Item agreed to.

152. To provide for federal share of administrative expenses of the great lakes fisheries research committee established jointly with the province of Ontario; and to provide for a program designed to eliminate lampreys in the Great Lakes, $485,000.

Mr. Nowlan: This is a very large item to provide for the federal share of the administrative expenses of the great lakes fisheries research committee. I wonder if the minister can tell us just how that matter stands now. We remember that a year ago there was to be an international commission set up, and I notice there is no provision for the international commission in the main estimates, though in the supplementary estimates there is a small item appearing for the first time. Am I right in assuming that our United States friends are slow in getting the commission in operation and therefore we have had to finance through the committee rather than through the commission? I trust that is not an augury of what there will be in the future. Just where does the commission stand?

Mr. Sinclair: We prepared this item before the commission actually had been set up. There was a little slowness, not here, in getting full parliamentary sanction for the commission, but in the expectation of the setting up of the commission we put in this item. There is a supplementary vote for the actual cost of administration, but the commission will handle this vote.

Mr. Huffman: I should like to ask the minister the percentage of the value of fish produced in Canada under provincial control?

Mr. Sinclair: All commercial fisheries as a whole, in round figures, have a market value of about $200 million, of which probably 10 per cent is from the great lakes and prairie areas. About 5 per cent would be from the great lakes.

Mr. Huffman: Has any request been made to the minister to have fishing operations on lake Erie brought under the jurisdiction of the federal fisheries department?

Mr. Sinclair: We have had no official request. As I have pointed out before, under our constitution fisheries are the responsibility of the federal government. But over the years some provinces by agreement, have been given the authority to handle sports fishing. I think that is an arrangement which has worked out very well. They are closer to the sports fishing than we are, and they can tie it in with their game operations as well as with their tourist trade. Seven of the 10 provinces handle sport fishing.

In Ontario they also handle the commercial fishing on the great lakes. This is one substantial commercial fishery which is not operated by the federal Department of Fisheries. At various times we do receive letters from great lakes fishermen asking that we regain administration of commercial fisheries. We have taken no action on that. If the province of Ontario chose to relinquish control of commercial fisheries we would, of course, have to exercise our constitutional responsibility. The great lakes fishermen are one of the relatively small groups of commercial fishermen not under the direct jurisdiction of the federal Department of Fisheries.

I might say that we pass on the sports fishing regulations in Canada. They come here from the various provinces, are reviewed by us, and then are subject to the approval of the governor in council here in Ottawa. But the practical management of sports fishing in itself in seven of the 10 provinces is in the hands of the provincial administration.

Mr. Huffman: If the fish operators were under federal control, can the minister say whether they would have the advantage of vessel insurance and unemployment insurance?

Mr. Sinclair: So far as vessel insurance is concerned it has been a move that has been welcomed by the fishermen on both coasts. We in the federal Department of Fisheries administer that through our officers; certain officers are assigned to that work, but they are not full-time on it. Since we have no officers of that description in the great lakes area it has been impossible for us to bring in vessel insurance there. We give coverage at 1 per cent for vessels up to $7,500.

So far as unemployment insurance is concerned, we hope to bring in this plan of coverage by April 1 of next year. It will, of course, come under my colleague the Minister of Labour, and he has unemployment insurance officials right across the country. He is going to have to depend upon the federal Department of Fisheries for information as to the total catch which would qualify a fisherman to be regarded as a full-time fisherman. We have not such records for the great lakes. Those records will have to be obtained from the lands and forests department of Ontario. I am sure it is my colleague's intention that when the unemployment insurance comes in it will be applicable in the central areas as well as on the coasts.

Mr. Huffman: I notice that a part of this item is for lamprey control. What amount has been spent on lamprey control by the department?

Mr. Sinclair: We are putting up all the money for lamprey control. On the research program we share the cost with the government of Ontario; we are each putting up $15,000 toward administration. There is about $460,000 being spent on the extermination of the lamprey this year. This coming year, for the first time, we will have a budget presented to us by this international commission, but in the last two years we have been carrying on under the department this work of lamprey control.

Item agreed to.

159. To provide for the extension of educational work in co-operative producing and selling among fishermen, $80,000.

Mr. Zaplitny: This item provides $80,000 for the extension of educational work in co-operative producing and selling. It appears to be a fairly modest amount if this work is to be done right across Canada. Does this apply to the fishermen right across Canada, or is this a vote for a particular area? For example, does this apply to the fishermen of the prairie provinces?

Mr. Sinclair: We have given this assistance to the areas we administer and to the universities which have specialized in such work. Last year St. Francis Xavier University down in Antigonish, Nova Scotia, which is a small university—but I do not think any university in the world has done a finer job in the field of co-operation than has this university—received $46,000. Then the fisheries school at Ste. Anne de la Pocatiere, Quebec, received $24,000. We have a small course in co-operation at the University of British Columbia, and the amount available to them is $10,000. That has not been fully spent in recent years.

At the University of British Columbia we are trying a new approach. I think the education and co-operation have been pretty well done across the country, but we are one of the few fishing countries of importance that do not have professional schools for fishermen. In the last two years at the University

of British Columbia we have run schools for practising commercial fishermen, which have been very successful with the high-liners of the west coast. A good cross-section of fishermen attended the course during the past winter, and my hope would be that we could extend that type of education to other fishing centres on the east coast and in the central provinces.

Mr. Zaplitny: The specific question I wanted to ask was whether anything was being done under this item in the prairie provinces. I was thinking particularly of my own province of Manitoba, where there are quite a large number of fishermen. I realize this is a very small amount of money to be spent across Canada, but I am wondering how the benefit of this type of education—incidentally, I approve thoroughly of it and would like to see the item enlarged—is brought to the actual level of the fishermen. So far there has been excellent research work and educational work done in this respect in the universities, but at what point does it get to the actual fisherman who is doing the fishing? What machinery or what facilities are there for bringing it to the fishing community and setting up actual study groups in order to bring this into effect?

Mr. Sinclair: Perhaps I used the wrong words when I said "at the university". At these three universities the work is done by the extension service of the universities and is taken actually to the fishing areas. In recent years Manitoba members have asked that this work be extended to the prairie provinces. We have been in touch with the University of Manitoba and suggested that we would be sympathetic to setting up a similar course at the University of Manitoba if they put forward a syllabus similar to the one at the University of British Columbia, at Ste. Anne de la Pocatiere and at St. Francis Xavier. So far we have had no response at all from them along these lines.

Mr. Nowlan: One word in extension of what the minister has said, particularly with respect of St. Francis Xavier University. I have been associated as solicitor with the co-operative union, and also with the maritime united fishermen, a co-operative undertaking of which this was the genesis. I do not know of any money which has been spent more effectively or on which there has been a greater return than the money made available to the extension department of St. Francis Xavier. The work they have done has been for the fishing communities all over the maritime provinces. Dr. Coady and others who have been associated with that work have made a contribution which is absolutely incalculable, and goes far and away beyond the amount of money spent.

Mr. Sinclair: I heartily agree.

Mr. Zaplitny: One more question on the same item. Is there any liaison between the department of Indian affairs, which I realize comes under another minister, and this department in this type of work among Indians on Indian reserves? In the province of Manitoba, as the minister probably knows, a great many of our Indian reserves are situated on lakes, so the chief occupation, the chief source of income, I would think, would be from fishing. Some effort has been made, I know, outside the aegis of the government entirely, to bring about this idea of the co-operative handling of processed fish among the Indians; but I am wondering whether the Indian department, in co-operation with this department, does any actual work among the Indians in that respect?

Mr. Sinclair: We do in British Columbia, in the Yukon and in the Northwest Territories, where we actually administer the commercial fishing. We do not in the three prairie provinces, so I cannot speak of whatever co-operation there may be between the Indian affairs department and the department of the provincial government which administers their fishing. Great Slave lake, which is one of our most profitable fisheries, for trout and whitefish, is an example of where the interest of the Indians has been very closely protected, and an endeavour made to help them to engage in the commercial fishery.

In British Columbia I do not think we have to teach the Indians very much about fishing, because they are amongst our most successful fishermen. They have their own organization, the native brotherhood, which deals directly with the Department of Fisheries.

Item agreed to.

161. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council, $200,000.

Mr. Nowlan: This item deals with assistance to draggers and long liners, and again brings in the perennial problem of those trawlers fishing beyond our territorial waters. We know they are licensed, of course, to operate outside the 10 or 12-mile limit, and it has been a problem for many years on which I am not going to elaborate now. But it is a satisfactory point, I think, at which to remind the minister of the request I made to him when the estimates were before this committee previously and he told me that he thought he would be able to produce the

Curtis report on territorial waters and file it for the benefit of members.

I would also like to have him comment on the situation as it now exists, in view of the rather interesting statement made by the Prime Minister the other night when he told us of the approach our government is going to make to the United Nations gathering in San Francisco, I think later this year. I think the situation should be clarified quite a bit, and I should like the minister to do it now.

Mr. Sinclair: Mr. Chairman, I am just a little embarrassed, and I do not embarrass easily, about having made that commitment last year that I would be very happy to table a copy of the Curtis report. Dean Curtis, the head of the law faculty of the University of British Columbia, was engaged to prepare a report on territorial waters for the government, which would be the basis of our presentation at the general assembly of the United Nations this fall on this matter of territorial waters.

I read the report, and naturally assume that because part of the report involved fisheries, that portion of the report could be made public. The whole report, however, is a document of the Secretary of State for External Affairs, and he has told me that while he sees no reason why the report should not be made public, though it is a departmental report, he prefers to hold it, since it is the basis of the case which Canada will put forward at the United Nations general assembly. I do not think it would be wise to state our case publicly, or expose our hand, before we take the rostrum.

Mr. Nowlan: Has that not been done fairly well now?

Mr. Sinclair: As far as the statement made by the Prime Minister is concerned, the hon. member probably noticed that the fishing cabinet ministers, my colleagues from Newfoundland, from Nova Scotia, from New Brunswick, and myself were very pleased the evening the Prime Minister gave an indication of what the Canadian position would be.

Speaking from memory, I think he said that we would naturally respect a decision of the international court of justice such as in the Anglo-Norwegian case on the validity of base lines along the coast rather than following the sinuosities of the coastline. Then I think he said further that he felt that the interest, especially of fisheries, could be much better served if we had a 12-mile territorial zone rather than the present 3-mile territorial zone. That certainly is something which the fishing industry and the fishermen's organizations across the country have been advocating for some time.

[Mr. Nowlan.]

Mr. Nowlan: Certainly, Mr. Chairman, I hope this is one which the minister will see that our government presents as forcibly and as rapidly as possible, so this matter can be settled while the minister is still in charge of this department.

Mr. Sinclair: That will be for some time, I think.

Mr. Nowlan: He has a few more months to run, but let us get it done this fall.

Item agreed to.

627. Industrial development service—further amount required, $478,000.

Mr. Nowlan: I notice that in the main item we have a reduction of $385,000, and then in the supplementaries we have $478,000 put back. I am wondering just what is the explanation for what looks like a reduction one minute and an increase the next?

Mr. Sinclair: At the time we had to prepare last fall for our main estimates we had not yet completed an estimate of the cost of this Valleyfield experimental station which will be opened this fall. This is a new fisheries experimental station in Newfoundland in which we are going to try to improve the processing, the packaging and the merchandising of salt cod, which is an extraordinarily important item of commerce in the Atlantic provinces and in the Caribbean area, but which has fallen behind other types of food in its appeal as far as the public is concerned. Our plant is just about finished. I think it will be opened in October and we are quite frankly expecting real progress to be made in the salt cod field because of that plant.

Mr. Green: Can the minister tell the committee what the present situation is with regard to the fishermen's wharf at False Creek in Vancouver? Dispatches I have here indicate that work has been stalled for about a month.

Mr. Sinclair: This is a public works matter but the minister knows I am very keen on it. This is a quite large installation at False Creek, a small estuary in Vancouver harbour, not a dock to handle fish but a moorage for our big ships, the seine vessels. It was held up last month because of a dispute as to whether the dredged material was going to be dumped on the upper part. The most natural area was leased to a sawmill, which objected. The Minister of Public Works assured the house that this matter would be settled very quickly. My deputy minister has just returned from British Columbia. He reported about this project, and told me that the work is going ahead again.

Mr. Green: There is no more trouble?

Mr. Sinclair: This is not my department, but as far as I know there is no more trouble.

Item agreed to.

Special—

636. To provide, subject to such terms and conditions as the governor in council prescribes, (a) for payment of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50 per cent of the laid down cost of salt used in their 1956 production, and (b) for payment of assistance in respect of the 1955 production as specified in vote 795 of the Appropriation Act No. 5, 1955, but not previously paid, including authority to charge administrative costs to vote 160 of the main estimates, 1956-57, $582,000.

Mr. Nowlan: Can the minister say a word concerning item 636? This is the item concerning salt assistance, and I think the policy was changed last year. Isn't that the one included here?

Mr. Sinclair: No, the salt assistance program is the policy under which we assist the salt cod trade by paying half the cost of salt to fishermen. The complaint made by hon. members earlier this year was to the effect that the form which was designed for the fishermen to fill in to secure the assistance was so complicated that one required the help of a chartered accountant.

Since that time I think we have improved on the form. Although the form is long the great majority of fishermen are required to fill out only the first part of it, which related to fishermen who were engaged in only one type of fishing, for salt cod. This has been welcomed down there not just as a subsidy but as the way of trying to level off the costs of salt. We spent a little more than half a million dollars last year in this type of assistance.

Item agreed to.

637. To recoup the lobster trap indemnity account, established under vote 540 of the Appropriation Act No. 5, 1955, to cover the net losses incurred in the operation of the account during the fiscal years 1953-54, 1954-55 and 1955-56, $57,680.

Mr. Nowlan: Mr. Chairman, am I right in assuming from the wording that this is a detailed account which is necessary to recoup losses for the three years?

Mr. Sinclair: Yes, that is right.

Mr. Nowlan: There is no vote provided for that, is that it?

Mr. Sinclair: No. We had a loan account but we have not drawn on it. It is obvious now that with our present premiums and the present group we cover in lobster trap insurance, we are going to have an annual deficit. When we started this insurance for vessels and lobster traps we were told by the insurance people, I must confess, that it would be difficult to bring in an actuarially sound system for gear. We tried it and worked out what we thought were good average rates. We had a loss in danger areas where we have a much higher chance of loss than average, but despite the loss it is less than we have paid in recent years in loans to fishermen losing their traps through hurricanes.

Item agreed to.

POST OFFICE DEPARTMENT

324. Departmental administration, $1,596,132.

Mr. Hamilton (Notre Dame de Grace): Does the minister propose to make a statement at this point, Mr. Chairman?

Mr. Lapointe: No, Mr. Chairman, I did not propose to make a statement. The estimates of the department were rather thoroughly scrutinized and studied by the estimates committee. I did make a statement before that committee, and I did not intend making one at this stage.

Mr. Hamilton (Notre Dame de Grace): I did want to offer the minister an opportunity to put forward any remarks he might have to make at the very inception of the examination of his estimates, Mr. Chairman. I agree with the minister that the Post Office estimates were examined with considerable care before the estimates committee and that all our questions were answered at that time, some quite exhaustively. However, there are a few remarks I would like to make before we proceed to an examination of the individual items and the asking of further questions.

I think I should say at this point, as I said in the estimates committee, that the post office and its operations present one of the biggest administrative problems that we have in Canada. In the course of a year they handle over 1½ billion first-class letters and over 3½ billion pieces of mail of one kind or another. In handling such a vast quantity of material it is almost impossible to be, one might say, "letter perfect" in every case, and I do not think even the most severe critic of the post office would expect that every last single piece of mail could be handled without an occasional mishap.

On the other hand we do have quite a right, I think, to expect that the great majority of the mail be handled with complete efficiency and dispatch. We found in examining the work of the department in the estimates committee that in 1954-55 there had been some 167,000 complaints regarding

either non-delivery or slow delivery of mail. Having said that I must in fairness to the department point out that this figure has remained reasonably stationary over the past several years, and is an indication that the department is not losing ground in this respect and indeed may be gaining some ground, because their volume has increased.

Looking at the post office from the over-all point of view, one matter that disturbs some of us is their failure to compare their operation with the operations of other countries which have similar problems relating to postal service. On a number of occasions we asked the question as to how this situation compared statistically or actually with the experience in the United States, and without exception I believe we were told that the department had not obtained comparative figures and did not think they had any validity.

I would suggest to the department and to the committee that as so many of our problems in Canada and the United States are similar, and because a great deal of work has been done in Canada in collecting statistics in connection with postal operations, it would be a good thing if certain of those statistics were compared with the experience not only in the United States but in other countries, so we could measure the efficiency of our department as against that of other departments.

It is evident to many of us that this policy of having a sizeable profit each year for the Post Office Department, according to their own system of accounting, means that a profit is being made on services rendered the Canadian taxpayer. I do not think many people, certainly not myself, would recommend the operation of the post office at a loss, bookkeeping or otherwise, but we find that in three of the last four years there has been shown a profit of $6 million a year or over and a deficit in only one year of some $2,500,000. That would seem to indicate that we are burdening the taxpayer with postal charges which are in excess of what it is necessary to charge.

I make this point not only with respect to the future but I would harken back also to 1954, when we on this side staged quite a battle against increases in the postal rates. The statistics show that had the old rates been continued we would have been operating at something of a loss; but in 1955, the first full year we can examine, the new rates produced a surplus, as shown in the Postmaster General's annual report, of $7,700,000. I suggest that certain rates, whether for local, out of town or other classifications of mail, were probably raised disproportionately high.

[Mr. Hamilton (Notre Dame de Grace).]

There does seem to be a continuing desire among people to whom I have spoken that consideration be given to returning to the two a day mail service in at least the major centres of this country. That can be coupled with the desire of many smaller localities where there is no house delivery at the present time that they be furnished some measure of house delivery, even though not on a two a day basis but certainly a minimum service of once a day. In the committee we examined a proposition to introduce a two a day mail service on a five-day basis in all centres where deliveries are now provided and the department produced a statistical analysis showing that this would increase their costs by approximately $3 million at the present time, leading to an eventual increase of in the neighbourhood of $3,700,000, if my memory serves me right.

As was pointed out in the committee, that does not necessarily take into account all the factors. There is a suggestion that with a five-day week a man would remain on the same route throughout the year, and the efficiency of this department might be noticeably increased. In any event it is possible to say that the establishment of a two a day delivery service on a five-day week basis across the country would still leave the department with a substantial profit, and it is quite conceivable that something could be applied to the extension and betterment of delivery services in centres where none are now provided.

I must express my regret that the minister has not provided an opportunity for the committee to inspect the new electronic sorting equipment we inquired about at the time the departmental estimates were being considered. At that time this equipment had cost something over $700,000 to develop and research, but it was temporarily out of operation. They were awaiting a few parts from a manufacturer, at which point it would go back into operation again. The minister will perhaps remember that an undertaking was given at that time that as soon as it was in operation the committee would be invited to have a look at it.

That was almost three months ago, and what worries me is whether we have paid out an amount which is rapidly approaching $1 million for a machine which has not been brought to the point of operation during a period of three months so those of us who are interested could see it. I wonder if when this machine goes into operation and a few parts are again needed, it will be laid up for another period of three months.

I certainly support the idea of modernizing as many functions of the post office as can be

successfully undertaken without unfair effects upon the staff, but I am wondering whether this immense sum, which is increasing all the time, is going to result in a machine which will operate successfully. It might be pointed out that the time at which it was to go into operation has been delayed and delayed, and it would be interesting to know whether the minister still expects to make the target date, which I believe is the end of this year.

There is another matter which is perhaps peculiar to one area in this country and to which I express strong objection. The department has a policy—perhaps it is not fair to call it a policy—or a practice in Quebec of encouraging people to obtain letters of reference from their members of parliament when they wish to obtain temporary employment with the post office. Shortly after my election, which was in August, I began to get phone calls from people who wanted letters of introduction in order to get jobs with the post office. In my innocence I said, "Oh, you do not need them. Just go down and tell them you want to work, and if they have a job for you they will take you on." However, I received so many of these calls all in the same tenor that it became quite obvious that it was a practice in the main post office in Montreal to expect a person coming in to have a letter of recommendation from his member.

I am not complaining, Mr. Chairman, that this is patronage in the sense that there is discrimination as between one member and another. Some of the people to whom I gave letters of recommendation got jobs with the department. Of course there were not quite as many as in the case of some of the more fortunate members. I find it difficult to identify the riding of the top recommender, but one member recommended some 428 people who obtained employment. The figures range from there down to the hon. member for Mount Royal, who had 14, and myself with 12, if my memory serves me correctly, with intermediate numbers of 200, 275, 305. To sum up the situation, out of 6,947 people who obtained temporary employment with the post office last Christmas in Montreal 4,465, or approximately two-thirds, supported their applications with letters from members of parliament.

This is not the way to have the best possible government service. The best possible government service arises from allowing the departments freedom to choose their people without being influenced and without forcing applicants into obtaining recommendations from their members. When we pointed this out to the minister in the committee he said this was not their policy. I would hardly expect that it is, but I do suggest to the minister that in at least this one area of Canada it is the established practice, and I say that it should be curbed in the interests of good service on the part of the post office and so they may be left free to obtain the best possible type of employee.

Turning to the question of the people who work in the post office, their hopes for the future, their morale and things of that kind, I feel that there are inequities as between various centres across Canada, and that the department has not taken steps quickly enough to put all their people on the same level. In the case of a department which has 50,000 employees it is impossible for any member of parliament to make an adequate analysis that will cover the entire field. One has to, as the technical term is, sample a situation; and if the conclusions are satisfactory and it is apparent that the department is doing a satisfactory job, one goes no further. If the conclusions are unsatisfactory one draws it to the attention of the Postmaster General and the house in the hope that something will be done.

In one examination I was able to make of the status of post office employees I found that the situation could hardly be called satisfactory. I refer to the grades held by the clerks in charge of post offices, whom we might better call postmasters because I think the term is known to us all. In order to arrive at this study I took two of Canada's major cities—I was going to say Canada's two major cities, but perhaps I should not—Montreal and Toronto. For each one of the post offices in each of these cities I inquired as to the grade of the clerk in charge, the revenue of the post office and the number of employees. One would expect that the situation would be somewhat similar in these two cities. Incidentally, I may say for the benefit of those who are not familiar with the matter that the grades go upward. In other words, grade 2 is lower than grade 3 both as to salary and status.

In Montreal we find that out of 28 postmasters 24 are grade 2. In Toronto we find that out of 17 postmasters only two are grade 2 and 14 are grade 3. That indicates rather conclusively that, for whatever reason, the great bulk of the postmasters in Montreal are grade 2 and the great bulk in Toronto are grade 3.

We find that there is no relationship between the revenue of the office and the grade of the postmaster. To take a couple of cases at random, there is one post office in Montreal with a revenue of between $500,000 and $1 million. The postmaster is a grade 2. The

postmaster in that same class in Toronto is a grade 3. There is one situation of that kind.

In another case in Montreal there are nine post offices with a revenue of from $200,000 to $300,000 and each one has a grade 2 postmaster. In the same monetary revenue class in Toronto three of the four post offices have grade 3 postmasters. In other words there is a great discrepancy, which I would assume exists right across the country. It does seem to me that the department, which claims to be taking steps to correct that situation, is at fault in not having corrected the situation long before now.

It may be that the Postmaster General will say that the grade of the postmaster has a relationship to the number of employees, but I would point out to the house that in those post offices in Montreal with over 30 employees 75 per cent have grade 2 postmasters, and 92 per cent of similar post offices in Toronto have grade 3 postmasters. The net result leads one to the assumption that the grading of post office employees at the present time is not in line with their responsibilities, and is not on a similar basis from one city to another. I certainly feel very strongly that this is unfair and demonstrates a lack of proper organization in the department.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, when the committee rose at six o'clock I had selected one example—among quite a few which might have been brought forward—of differences in remuneration for what is substantially the same job in so far as the Post Office Department is concerned. Having given the details, I would merely say again that it is that type of situation which makes people unhappy and which causes distress within an organization.

No company organization and no government organization can operate successfully for very long if their employees do not have a high level of morale. When one reads the publication of the post office employees themselves and when one hears from time to time through the press of certain happenings across the country, one is led to wonder whether actually the morale among the staff of the post office in its entirety is as high as it should be. I rather doubt that it is. For that condition I lay the responsibility at the door of the government because of situations such as the one I outlined to you a few moments ago.

I turn now for a few moments to the question of robberies from the post office and security within the post office generally. We have a situation which has worsened steadily over the last three years. I am prepared to say that the department had made its attempts—and I think they were attempts that were quite sincere and at times quite extensive—to deal with this situation, but to date the results that we expected have certainly not been forthcoming.

I am inclined to think—and I mentioned this before the committee—that the efforts which have been made have stemmed directly from the study made in this house a couple of years ago of the security or lack of security within the post office and of the facts which were then produced. Certainly the department since then has greatly improved its record-keeping system in respect of thefts and burglaries, and it seems to have taken some steps in other directions.

Despite that fact, we find that the incidence of break-ins with respect to the post office has increased steadily year by year. In the calendar year 1953 they were 101; in 1954 they were 171, and in 1955 they were 235. The losses—and these are for the fiscal year—in the post office in the year ended in 1954 were approximately $32,000; in the year ended in 1955 approximately $58,000, and in the year ended in 1956 they were approximately $99,000. That is a substantial increase.

Earlier I had made reference to a comparison between our experience and that in the United States. We find that in the United States post office break-ins increased from 1953 to 1954—these are my latest figures—from 1,087 to 1,280 or by 21 per cent, while in Canada they increased from 101 to 171 or by some 70 per cent.

When we were discussing this matter in committee the minister did not like the comparison between Canada and the United States. As reported at page 682 of the proceedings of the committee on estimates he said:

> What you should compare is the incidence of postal burglaries as compared to the incidence of crime and other burglaries and so on throughout this country.

And later:

> If the incidence of other crime throughout the country is going down, then you would certainly be right in saying that we are the victim of more crimes than the other operations in the country. That is not the case as I understand it.

Subsequently his advisers indicated that they had no satisfactory figures by means of

which to compare their own experience with that of the situation in Canada generally. I think it is interesting that just in the last few days there has become available a government publication entitled "Statistics of Criminal and Other Offences". This shows that convictions for burglary, housebreaking and shopbreaking were 6,634 in 1953 and 7,568 in 1954. That is an increase of 14 per cent in 1954 over 1953, which is the last period for which figures are available. We know that in that same calendar year with regard to the post office the increase was approximately 70 per cent in offences. Admittedly I am comparing convictions in the one case with offences in the other. In most of these cases, however, one knows that the rate of offence and the rate of conviction remains about in ratio.

I suggest that this is a disturbing set of statistics to bring before the house. When the minister was before the committee he promised us that he would investigate the possibility of centralizing all investigation of post office thefts and burglaries under the Royal Canadian Mounted Police, and that he would report to the house at this time on this matter. I hope he has made a serious study of this matter and that he can comment on it at this time.

There seems to be some indication—the department were loathe to give us details, and I must say that I understand their position—that burglar alarms are being installed in certain places across the country. That is certainly a step forward. From any evidence that I have been able to find, however, they are not being installed rapidly enough or extensively enough to deal with this situation. It would seem that the major post offices in the major cities of Canada should all be protected with a burglar alarm or some similar type of protection. After all, a net loss of $100,000 in a year is quite sufficient to pay for a good many burglar alarms. In addition, the installation of these alarms would, in many cases, ward off potential robbers not only from the post offices in which they were installed but from others as well, because people would not know where they had been installed.

There is one further point I think should be made in connection with the post office, and when I have dealt with it I shall resume my seat for the time being. I refer to their insistence upon operating a banking system in competition with the private banks of this country. In the Woods and Gordon report which analysed their operation there was a definite recommendation that this banking system be discontinued. The post office flatly refused to consider the suggestion.

For my part I can see some justification for the department's stand that their post office banks may be needed in a limited number of small communities across the country which do not have regular banking service. But as was pointed out in the committee hearings, this same banking service in the post offices is being carried into every major city in Canada, and in many cases you have a post office bank on one corner and a commercial bank on the other. Very substantial savings to the taxpayers of Canada could be made if the operation of the post office saving bank were restricted to those very few areas where it could serve a useful purpose, and were eliminated in all those areas where it is in complete competition with the private banking system.

One word should be said, Mr. Chairman, by way of tribute to those who work in the post office, the 50,000 men and women across this country who serve that organization. We have and doubtless shall continue to have areas of strong disagreement on matters of policy. We shall no doubt disagree with the government on certain aspects of the post office operation. We shall have reservations about some of the things they may do. But from having met many of these people in various parts of Canada, I feel that under somewhat difficult and trying circumstances at times they are doing their best, that they have dedicated themselves to a life of service to the public of Canada and to making our post office as effective an operation as they can make it within the sometimes hampering restrictions imposed by government policy.

Mr. Herridge: I have always believed, Mr. Chairman, in the words of that old hymn, "Count your blessings one by one". When I am counting them I always include the Post Office Department and the parliamentary assistant. My nearest neighbour for 45 years is a relative of the parliamentary assistant. He lives about nine miles from me. He is the brother of the late Lindsay Gardner who was speaker of the legislature of Nova Scotia for many years. I like to listen to him talk about the parliamentary assistant, because that is what gave me the idea of counting my blessings. He has told me and my neighbours, all the people in my district from one end to the other, that the parliamentary assistant to the minister is the greatest blessing Nova Scotia has sent to Ottawa in a century.

Having said that, Mr. Chairman, I come back and say that any organization or department, no matter how efficient, is bound to make mistakes and is not, on that account, free of criticism. I make it a point when I am in my constituency to talk to the post-

masters, to the rural mail carriers, to the postmen in the cities and to anyone connected with the government service. I do not do this with the idea of looking for trouble, but to try to get the viewpoint of the employees and to learn more about the operation of the department and possibly some of those things that could be improved within the department itself.

In that connection I want to deal with a few things that were brought to my attention by the employees of the postal department in my constituency. I saw quite a number of them. First of all I found in some quarters complaints about the rules on appeals for promotional examination. The complaint was based on the ground that seniority, length of service, experience and qualifications do not, I understand, constitute grounds for appeal. I bring that to the attention of the minister because there was considerable dissatisfaction amongst a number of good employees.

Second, I found in some post offices that the local postmaster sits as chairman of the examining board for promotions in his own office. I found quite a number of employees, both those working in the post office and those carrying the mail, who complained against this. These employees complained that this makes personal preference and favouritism possible. They think the minister should be advised of this, and I believe there is some merit in it. They were complaining of the fact the local postmaster sits as chairman of the examining board that deals with promotions in the office itself.

The third complaint was one I heard on several occasions, that the observations and suggestions of post office inspectors, as well as other officials, are overruled or ignored by some postmasters with regard to the proper carrying on of staff meetings and the reorganization of mail routes, and sometimes with respect to internal arrangements. I just bring these matters to the attention of the minister because I promised these employees to do so. They are the type of employees who are not given to making frivolous complaints, so I would like him to have that situation investigated.

I want to deal for a moment or two with what I call the peculiar case of the Toronto *Weekly Star* which retails in Ontario for 10 cents a copy and in British Columbia for 15 cents a copy. There is a 1 cent provincial tax. The excuse given by the Toronto *Weekly Star* is that this cost to the purchaser there is brought about by postage rates when, as a matter of fact, I understand the postage rates to a point in Ontario and a point in British Columbia are the same, 4 cents per pound for this type of material.

[Mr. Herridge.]

There is no doubt about it, the Post Office Department loses very heavy revenue by reason of these very low rates on certain types of magazines, papers and things of that sort. I think the house agreed to this proposal in order to facilitate the distribution of papers, magazines and literature. I wonder if the Toronto *Weekly Star* publishers are doing their part in this respect when they charge their British Columbia subscribers 15 cents a copy when they can send it to British Columbia for exactly the same price as they can send it to a point in Ontario. I should like the minister to comment on that point.

I have been asked by quite a number of my constituents and people in southern British Columbia generally to deal with another topic. I want to make a few comments on the wildlife series of stamps. Let me say, first of all, that I am very glad to know there is a wildlife series of stamps, because I think it is an excellent theme for a stamp. I think we have been a bit unfortunate to date, if one judges from the examples I have seen. This matter has been raised in the house by the hon. member for Notre Dame de Grace and one or two others.

I would not base my opinion entirely upon the statements of members in this house, because they might possibly be tinged with a political flavour. I have based my opinion on the opinions of people in British Columbia who hold very important positions. I realize the difficulty of transferring a drawing accurately to an engraving, and the difficulties of engraving certain subjects. However, I want to suggest that even Borneo produces a series of wildlife stamps which are masterpieces compared with those produced in Canada. I have some of them in my possession.

I am not blaming the artists or anyone, but possibly we could investigate some of the processes the people use in other countries where they have been successful in engraving subjects that are quite difficult. I know that in some of the Asian countries they use wildlife studies on their stamps quite frequently, and they are really works of art. I suggest that there should be some inquiry made to see whether we cannot bring our Canadian stamps up to the standard of those engraved in Borneo.

I want to illustrate that we are not just complaining members of the house. Here is a letter that was written in Ottawa about the goat stamp. We have all heard about it. I was interested in it before because there are some wild goats in my constituency—four-legged ones—and I know what they look like because I have been out hunting. The letter reads:

Those who dislike the "goat" stamp have only to reverse it to see displayed an elder statesman,

identity undetermined. He wears a neat, if old-fashioned, derby hat, has expressive eyes, and a handsome white beard, while his sky-blue coat is marked by shoulder tabs, and lapels that might well serve as a pattern for designers seeking something new in this sartorial feature. For a greatly improved effect, use this famous stamp upside down.

That is from a prominent citizen of Ottawa. Then I have a copy of a letter from a personal friend of mine, a contractor in British Columbia, who writes me as follows:

Dear Bert:

In our local paper the *Daily Colonist* I read about your remarks regarding the new issue of stamps. Allow me to congratulate you. I as well as many I have spoken to here in Victoria all agree they should be withdrawn. The mountain goat looks as though it might pass out at any time. It is no more like a mountain goat than a very sleepy sheep with upright horns.

As for the caribou, it looks like something one might have after a good drunk. Talk about seeing double! In any case there appears to be seven caribou with horns and one with only one horn.

I do hope that you and the other members of the house may prevail upon the powers that be to cancel this proposed issue.

Then one other letter from the manager of one of the largest companies in British Columbia:

Dear Mr. Herridge:

I have noted with interest your comments in respect to the "wildlife" postage stamps which are coming out in the new issue.

I do not know as to whether there was any comment made in respect to one of the stamps in a previous issue—I forget what they may have commemorated but it is supposed to be, as I remember it, a mountain sheep. I am enclosing a couple of the stamps to which I refer. To my mind, this is a very poor reproduction of a mountain sheep and to me it looks more like a cross between a cow and a supreme court judge with a wig. I realize there is no point in my bringing this question up, but I was prompted to do so by the remarks which have been made in respect to the new issue.

Then a paper published in Australia that specializes in stamps and contains plenty of information about stamps of all kinds—it is published for stamp collectors and is called *Stamp News*—has a leading article on page 3 entitled "Drunkard's Nightmare", with the subheading "Politician's View of Canadian Stamp", which reads as follows:

By Dace Logigas

Who gives a blow to blow description of the bitter controversy which has raged around the issue of a series of wildlife stamps in Canada.

I quote briefly from it, but before doing so may I say I am sure this is much more serious than just a jocular affair in the House of Commons. Many people are concerned about this issue of stamps because they want the stamps to be worthy of the engraving art in Canada. The article reads in part:

Life these days must be a pretty grim affair for certain Canadian citizens.

That is the minister. I continue:

They are the small but important batch of officials responsible for the issue of Canada's postage stamps. Once a happy band of individuals, praised and feted universally, they have since 1951 been a haunted, fear-ridden race, hunted looks appearing on their faces whenever the subject of stamps is mentioned.

They are in trouble again over the 1956 wildlife series and public abuse is being heaped on their unlucky heads.

But the volume of hard words directed at them in recent years has blunted their susceptibilities to such an extent that they are now said openly to wince only at the most devastating remarks of their unkind critics.

Up to 1951 all was rosy in the Canadian philatelic garden. Canada had a good record of stamp issues amongst empire countries, being among the first of the commonwealth nations to issue attractive pictorial commemoratives. Some of these it is true, were no works of art, but they did not merit any severe criticism either; and the design that occasionally fell below expectations was more than compensated by some of the really superb issues of pre-war Canada, issues such as the 1933 5-cent U.P.U. congress, 5-cent 1933 Royal William, 3-cent 1934 Cartier, 13-cent 1935 Jubilee to name but a few.

Then it goes on to deal quite critically with the musk ox stamp, the wild sheep stamp and the wild goat stamp. I mention these things to indicate even an international interest in the production of stamps in Canada. I believe our department should seek advice from some other countries so the procedures would be improved and we would be able to have stamps issued equal to those in the countries I have mentioned.

I have another little matter here, Mr. Chairman. I was very glad to note recently that the Post Office Department has a humour section, as an indication that the majority of the staff have not lost their sense of humour. I want to deal now with the cause of that humour. It is "Postmen and Pooches". A dog may be man's best friend, but it would be difficult to get the postman to agree with that sentiment, particularly a good number in my constituency who have been bitten. Post office reports indicate that 183 letter carriers have claimed compensation so far this year for bites severe enough to require medical attention. No doubt thousands of other unfortunate postmen patched themselves up without professional aid.

As far as my constituency is concerned, at the present time there are 10 cases of postmen having been bitten, but fortunately none of them seriously. However, I understand that the department has given some consideration to this, and it is an important question because it is a very serious thing for postmen delivering mail on a good many routes, and it is a concern in countries other than Canada. The department tried to rise to the occasion, Mr. Chairman, by issuing a directive to the postmen in Trail, of which I was

given a copy. It was informing the postmen how to win friends and influence canines. This is the directive:

1. Ignore the dog until he shows he is friendly. Never make the first advance.
2. Don't strike at the snarling, snapping or barking dog, or he'll conclude it's all right to fight back.
3. A vicious dog can be bluffed—just walk fast and straight past him—never turn your back and run—show unconcern.

You know, this is a directive from the Post Office Department to the postmen. There are no rules of conduct, for instance, where the vicious dog calls the postman's bluff. I mention this as an indication of the growing sense of humour within the department, and I am pleased to see it because without a sense of humour this would be a pretty unfortunate world.

However, I do suggest there are more effective ways to deal with this question. I might tell the minister frankly that the postmen did not find this directive very helpful, but the matter has been given consideration in the United States. They had a committee studying it recently. While they could not come to conclusions, after a long time and after some experiments carried out somewhat recently, they have found a fairly effective way of dealing with the dog who wants to bite the postman. What they do is give the postman a little satchel of tidbits for the dog. I do not know what it is, but it is very effective. The postman just throws one at the dog and the dog takes it and the postman drops the letter in the box and goes on scot free. I understand since they have been using those tidbits they have reduced dog bites of postmen by 90 per cent. I suggest the department should investigate this, because it may be a very cheap and effective way of dealing with this menace to postmen across this country.

My second suggestion would be that after trying this, where people insist on keeping a dog that is savage and dangerous to other people the department consider whether they would be justified in saying that no more mail would be delivered at such a house or place of business until the dog was removed.

I have got a good laugh out of the Post Office Department directly and I have enjoyed it, but it is a serious matter. I just bring the attention of the department to research and studies that have been made in the United States to see whether we could not do something along that line. I am quite sure the postmen would not mind carrying that little bag of whatnots, or whatever you like to call it, so long as it protected them from the dogs in question.

[Mr. Herridge.]

Mr. Nesbitt: I shall take just a brief moment or two at this stage of the proceedings of the house. I understand that when a community is ready to receive mail delivery as opposed to those in the community going and getting their mail in a box, the rule of thumb, roughly speaking, is that a community must have a population of approximately 8,000 and an annual revenue, so far as the post office is concerned, of approximately $50,000.

In my constituency there are two towns that have come very close to meeting all the qualifications required. One is the town of Ingersoll and the other is the town of Tillsonburg. The latest census figures, of course, are not available because the results of the more recent census have not yet been published, but in the 1951 census the town of Ingersoll had a population of 6,524 and the town of Tillsonburg had a population of 5,330. Both these towns, particularly Tillsonburg, are growing at a very considerable rate. However, as far as the postal revenues from these towns are concerned, in 1954 Ingersoll had a postal revenue of $46,660, and in 1953 it had a revenue of $48,606. Oddly enough, the revenue appeared to be slightly higher in 1953 than it was in 1954, but I find from looking at the figures that this seems to be generally the case for one reason or another.

Tillsonburg, while having a somewhat smaller population than Ingersoll in 1951, nevertheless in 1953 had a postal revenue of $51,893 and in 1954 had a postal revenue of $50,552. In other words, Mr. Chairman, while the town of Tillsonburg according to the 1951 census does not quite meet the population requirements, it does meet the revenue requirements laid down by the department; and the town of Ingersoll with a slightly larger population—I imagine it would be close to 8,000 today—comes very close to meeting both the population and the revenue requirements.

I very much hope, Mr. Chairman, that the Postmaster General, his deputy and the other officers of the department will take a very close look at both Tillsonburg and Ingersoll with a view to having mail delivery service established there in the very near future. As I have pointed out, Tillsonburg already more than meets the revenue requirements and Ingersoll is very close.

There is just one other item I would like to deal with, and it relates to what I consider a very unfortunate case in the city of Woodstock. I have brought this matter to the attention of the minister and his parliamentary assistant on a previous occasion, and the results have not been very satisfactory as far as I am concerned. I might say this is the only complaint I have

had against the Post Office Department since I have been here. I would like to bring this up now in the hope that this last appeal may soften the minister's heart a bit in relation to this case. I am told that in the province of Ontario there are six or seven elderly ladies in the same position as the one whose case I am going to bring before the committee at this time. These elderly ladies are not civil servants, unfortunately, but they have held positions in post offices throughout the province where they sold stamps on a commission basis.

The lady I am going to deal with is a Miss Katherine Rose, who held such a position in the post office in Woodstock. I understand there is also one in Brantford and others in certain other places. These ladies unfortunately do not come under the civil service; consequently when they are compelled to give up their positions they have no pensions or any other type of remuneration coming to them other than the old age pension.

Miss Katherine Rose sold stamps on a concession basis in the Woodstock post office for 33 years. Last fall Miss Rose, who is approximately 80 years of age and continued to sell stamps despite her age, was discharged from the post office. I understand there were adequate reasons for discharging Miss Rose because of her age and so on; however, the one rather unfortunate aspect was that after 33 years of service she was told on September 21 that she was going to be discharged on September 30, which I think is rather short notice and somewhat abrupt, in fact one might almost say a little cold blooded.

Miss Rose, however, was fired, and now of course she has no revenue except the old age pension; because Woodstock had a population of approximately 10,000 during the period in which Miss Rose was employed, although it is a little larger now, and in a city of that size there would not be vast sales of stamps and I understand vendors receive a 2 per cent commission.

Miss Rose, as I said, is approximately 80 years of age, and according to the law of averages she probably will not live a great deal longer. I understand there are certain other ladies in the same predicament in this province, and now that we are approaching virtually a welfare state in Canada I think it is a great pity that these six or seven elderly ladies, none of whom will live very long, in all probability, could not receive some recompense from the government for their services over these many years.

It is indeed unfortunate that they are not under the civil service, but they are not; and I think it would be a very simple matter for the minister to include in his estimates or his supplementary estimates a little item reading, "Pension for so and so". We see it all through the estimates; we saw it this afternoon when we were dealing with the estimates of the Department of Justice. There is a small pension item for three ladies in those estimates and I presume it covers some unusual circumstances such as these. I am sure it will not bankrupt the country nor will it endanger the enormous surpluses of the Minister of Finance if the government should find it possible to give $600 a year to each of these six or seven ladies who served the Post Office Department. Such arrangements have been made in other departments, and I do not see why it could not be done here.

In addition to that, in our town we had another elderly lady who worked for 60 years not in the post office but as a stenographer for the province of Ontario. Because of the length of time she worked and the nature of her employment she did not receive a pension when she was obliged to retire. However, the government of the province of Ontario saw fit to give this elderly lady, who had worked for 60 years in the service of the province, a special pension under the estimates, and I cannot see why the Postmaster General could not find a way of doing it in relation to the handful of elderly ladies I have mentioned.

I know the minister may very well say, "Oh, but Miss Rose worked until she was 80 years old, and for that reason she had an income and was better off than if she had retired on a pension." Mr. Chairman, that is no answer at all. It certainly is news to me that when people are obliged to work until they are 80 years of age in order to live it is to be preferred to a pension. This lady should have retired at the age of 65 or 70 like anyone else, instead of having to work until she was 80 and able to work no more. I cannot understand why the minister is unable to find some way of softening his heart a little to help out these few elderly ladies who are scattered throughout the province of Ontario.

Mr. McBain: Mr. Chairman, I have been asked by the rural mail carriers of my own riding of Elgin to bring to the attention of the minister a petition they circulated widely among their group, which is signed by some 39 of the 50 rural carriers in the county. I have already sent a copy of the petition to the minister. It reads as follows:

> We, the undersigned mail carriers of Elgin county, in view of the high cost of owning and maintaining a suitable vehicle for the purpose of delivering mail to the rural sections, feel that a minimum remuneration of $75 per contract mile per year is necessary to meet that high cost and leave a satisfactory amount for our labours.

Therefore, we respectfully request that you bring the matter to the attention of the proper authorities and ask that our remuneration for services rendered be brought up to that minimum.

Mr. Chairman, I believe our rural carriers all across Canada perform a wonderful service in delivering the mail. They are perhaps somewhat like showmen in that the old proverb, "the show must go on" has an application for them. Come hell or high water, rain, sleet or snow, rural mail carriers feel the mail must be delivered and they see that this is done. I recall that one winter we had a severe storm which lasted for a number of weeks, and it was extremely difficult to deliver mail. I know of one particular case where for seven days in succession a carrier delivered his mail over a 24-mile route on foot through extremely deep snow.

I feel that some consideration should be given to these people. If they were in the civil service they would have already received a raise in pay. Perhaps the minister will say these people deliver mail under contract, and if they are not satisfied with the contract price all they have to do is give it up and tender on it again. That does not seem quite fair, as many of these contractors have held their contracts for long periods and they hesitate to give them up. Therefore they carry on and sometimes work actually at a loss.

There are a few suggestions I should like to pass along to the minister at this time which were passed along to me by a rural mail carrier. The first is that there should be some standardization of routes; they should be made longer. The present length of routes is based on horse and buggy days. Then it is suggested that the rural mail delivery be made a profession or occupation, not a side line. It is suggested that rates of pay be established with a certain amount of elasticity to provide for the different conditions in different districts. Contractors over 65 years of age who have had a lengthy term of service should be given a pension in keeping with their present contract prices.

I should like to endorse what the hon. member for Oxford has said about people in the post office with lengthy periods of service being entitled to pensions. When there is an amalgamation of routes the courier with seniority should be permitted to carry the new route. A pension plan should be established for the remainder, and there should be holidays with pay, sick benefits, group insurance and so forth.

Under the present system no route will sustain itself and provide the class of equipment which the public expects the courier to drive, notwithstanding the courier's own pride. This makes it necessary for him to go out and work all hours at all kinds of work, or else have some other member of the family drive the route while the contractor seeks more remunerative employment. I ask the minister and the department to give serious consideration to these suggestions. I think it is only fair to the rural mail carriers and contract mail carriers in Canada that they should be given the same consideration as the civil service recently received.

[Mr. McBain.]

Mr. Montgomery: There are two matters I wish to deal with, one of which can be brought up under this item and the other one I shall bring up later. I just received a letter asking why the post office at Debec in Victoria county has been moved from the main street to another business section.

Mr. Lapointe: I shall endeavour to get the information before these estimates are completed.

Mrs. Fairclough: In March of this year I put a number of questions on the order paper to which I received answers. The reason I asked those questions was the reduction in urban mail deliveries from two to one a day. Mail from the east and west hits Toronto at seven or eight o'clock in the morning, but any mail destined for Hamilton does not reach that city until after the first mail delivery has gone out. The result is that a great deal of business mail is 24 hours late, because many business firms are still on the one a day delivery. With that in mind I inquired of some of these companies as to what procedure they followed in getting their mail and I found that a number of companies have been unable to rent post office boxes at the general post office, and therefore have adopted the procedure of having the post office staff collect their mail which they pick up at the letter carrier wicket. I do not mean the general delivery wicket; as the minister knows, the letter carrier wicket is located in another part of the post office.

I have been informed that at the main post office in Montreal there are 774 post office boxes, 473 of which are rented, leaving a balance of 301 unrented. There are 2,022 companies or individuals who pick up their mail daily or perhaps several times a day at the letter carrier wicket. In Toronto there are 352 post office boxes at the main office; 350 are rented with 2 unrented; there are 1,925 companies or individuals who pick up their mail at the letter carrier wicket. In Hamilton there are 378 post office boxes in the main office, 376 of which are rented with 2 empty, and 132 companies or individuals pick up their mail at the letter carrier wicket.

In Kitchener there are 276 post office boxes, 276 being rented with none empty, and 26 companies or individuals pick up their mail at the letter carrier wicket. In St. Catharines there are 313 post office boxes, 308 of which are rented with 5 empty, and 26 companies or individuals pick up their mail at the letter carrier wicket. In Winnipeg there are 617 post office boxes, 609 of which are rented with 8 empty, and 588 companies or individuals have made arrangements to call for their mail at the letter carrier wicket. Once more I draw attention to the fact that this is not general delivery; this is a special service given to persons or companies who cannot get the service they require in the way of postal delivery.

In Regina there are 483 post office boxes, 470 of which are rented with 13 unrented, and 112 companies or individuals pick up their mail at the letter carrier wicket. In Calgary there are 400 post office boxes all of which are rented, and 354 companies or individuals pick up their mail at the letter carrier wicket. In Edmonton there are 462 post office boxes in the main post office, 461 of which are rented with 1 empty, and 221 persons or companies pick up their mail at the letter carrier wicket. In Vancouver there are 897 boxes of which 843 are rented, leaving 54 empty; 589 companies or individuals pick up their mail at the letter carrier wicket.

In some of the cities I have mentioned there are branch post offices where there are empty post office boxes, but most of these companies are within range of the downtown post office where the mail is directed first. That is where they collect the mail. It seems to me, particularly in view of the fact that the department has taken such a step to reduce mail deliveries, that some consideration should be given to these literally thousands of companies and individuals who find that in order to collect their mail and carry on business in a normal way, they are obliged not only to pick up the mail themselves at the main post office but to put the post office staff to considerable inconvenience to collect this mail and have it ready for them if and when they call to pick it up.

Mr. White (Middlesex East): I was quite interested in what the member for Kootenay West had to say with regard to the various issues of postage stamps, and I shall have a little more to say about that later. On several occasions I have pointed out to the department that in this day and age, when the horse and buggy has gone and the automobile is used for the delivery of rural mail, more attention should be given to the extension of rural routes, and regulations should not be so drastic as to curtail the delivery of mail to people in the rural areas.

There is another item that I think is rather confusing to a great number of people. Some time ago it was broadcast across the country that all first-class mail would be airborne. Such is not the case. Mail posted in many areas does not have a chance in the world of being carried by air. So it is rather misleading to many Canadian citizens who think their first-class mail is airborne. I am going to ask the minister to indicate to the house what percentage of first-class mail is actually carried by air.

The hon. member for Elgin mentioned the rural mail carrier. Probably in this day and age, when hours of work and rates of pay are very seriously considered by many industries, I think the rural mail carrier, whilst his job is let on a contract basis, is the forgotten man in the postal department.

Coming back to what the hon. member for Kootenay West had to say regarding issues of postage stamps, particularly the wildlife issues, I take some little interest in the various issues of stamps. I would suggest, among other things, that each of the provinces of Canada has a flower that is known as its provincial flower.

Mr. Herridge: We have the dogwood.

Mr. White (Middlesex East): I was just going to point out that the province of British Columbia has the dogwood; Alberta, the wild rose; Manitoba, the wild crocus; Saskatchewan, the red prairie lily; Ontario, the trillium; Quebec, the wild blue flag or iris; New Brunswick, the violet; Prince Edward Island, the lady's slipper; Nova Scotia, the arbutus; Newfoundland, the pitcher plant or Indian slipper. I might mention that the pitcher plant was selected for Newfoundland by the late Queen Victoria. This information is obtainable from the *Canadian Geographical Journal.*

The Falkland islands, as we all know very well, are very dependent upon the sea and they have a stamp issue that shows the various famous sailing vessels that called at the ports in those islands. The Falkland islands have been able to incorporate a very fine picture of our Queen in their stamps. So I suggest that when the department is considering a new issue of stamps it considers the provincial flowers that I have mentioned and, along with them, a fine portrait of the Queen. Just to show the minister what I have in mind, I am going to send over to him some samples I have here. I hope he will view them with interest.

Mr. Small: First of all I should like to make the same remarks I made about the estimates of the transport department last week, that the figures we are discussing here

are over a year old. We do not get the true picture of how the department is operating this year. The hon. member for Notre Dame de Grace dealt with an analysis of the figures, and I do not need to say any more about that except that there was an increase in revenue this year of $21 million. He suggested that if the double delivery postal service were restored it would probably make it come out right.

I should like to repeat what I said some two years ago, that I am much more enamoured of the technique adopted by the Postmaster General who made this a hobby, Sir William Mulock, who always provided service and increased efficiency. As the surplus mounted and mounted, he gave it back to the people who were paying for the service. In this particular case the department is working in reverse. They are anticipating there is going to be a loss, and they make the people pay for that loss. It just proves to me that the technique employed by Sir William Mulock was the right one, particularly when they follow the recommendation of the Woods-Gordon report and find that they begin to get results. This is only the first year that we are able to say they have had the benefit of the Woods-Gordon report. We shall probably have to wait till next year to get the full picture of how it is operating. I shall leave it at that for now.

The matter brought up by the hon. member for Kootenay West is an intriguing one. In regard to the postage stamps, I thought it was satire they were trying to achieve. Two years ago, I believe, I mentioned that they had brought out a new series of stamps, and they had a goose that was very effectively done. I am not criticizing the art work of the stamps, because it is very difficult to get good artistic results for a very small stamp. The original art work has to be about ten or 20 times the size of the stamp, and it is difficult to reduce it perfectly. As far as the subject matter is concerned I did not think it was humorous; I thought it was satire. When they brought in the higher postage rates I thought they were using the symbol of the goose that laid the golden eggs, because the public was the goose. It was getting the revenue from the public, who were not getting anything in return for it.

Last year they introduced another wildlife subject. I suggested that I thought it would be a very good idea if, instead of a walrus, they had taken a fish—a good slimy, slippery fish, a sucker—and probably that would be symbolic of what they were using the people of Canada for. I should say there were a lot of suckers, because the rates were put up instead of being reduced and the surplus bounced.

This year I presumed they took my words to heart and decided to carry this lesson of symbolism to the people. Instead of giving them a fish they gave them a goat. It did not matter whether the art work was good. They got the story over, that they were using the people of Canada as the goat because they were still mulcting them for the higher rates of postage which they should not be charging.

Earlier in the year the hon. member for Peterborough brought up a matter with respect to that city, where they were quite concerned about this all-seeing eye or viewing gallery, as they call it, in the post office. Again another satirical thought occurred to me. When the Minister of Justice was discussing some of the criminal offences that were mentioned at that particular time he went down through the categories of offences of people who were becoming a nuisance, who had jail terms, who were in and out of prison and who were known to be repeaters or habitual offenders. He classified them as peeping toms if they were habitually going around schools or public places.

I suppose you would call a post office a public place. It is in the discretion of the postmaster of a particular post office whether he is going to turn on this all-seeing eye, this viewing gallery or peeping tom as I suggest you could call it now, because that is what it will be. There is going to be a problem here for the Minister of Justice in addition to the postmaster who is in charge of the post office when he turns on this all-seeing eye or peeping tom or viewing gallery, as he calls it, namely whether this could be taken to be any offence.

This gentleman is going to be a peeping Tom, and a charge could be laid against him. The first thing we know the Postmaster General may be implicated in the deal, inasmuch as he has authorized it. He is going to commit a very serious offence every time he turns this all-seeing eye or peeping tom on people who are working in the post office, particularly if there are any nice looking ladies in there and they happen to be in a compromising posture. To have this peeping tom in operation may make him liable to a fine of $500 or maybe a term in jail.

They are going to have a problem that will be very difficult to solve. I hope they are going to get the Minister of Justice and his officials to get them out of the difficulty.

Mr. Stanton: I am in complete agreement with the hon. member for Elgin with regard

to the rural mail carrier. No people in Canada work more diligently and faithfully than do those people. Some time ago the postal rates were raised. I feel that these mail carriers are not getting their just benefits from that raise in rates.

At this time I have another matter which I wish to mention. We have a small problem in the post office at Seeleys Bay as to which perhaps the Postmaster General can give me the answer. During past years, in fact for as long as I can remember, the post office boxes at Seeleys Bay have been covered with glass through which post office box holders could look into the box and see whether there was any mail in it. But now that glass has been crystalized and we cannot see through it. Much inconvenience is caused to the box holders and also to the postmaster, because every time anybody goes into the post office and cannot see whether or not he has any mail in his box, the postmaster must run around and look into it.

I was just wondering whether this was a direction that came from the administrative branch of the Postmaster General or whether it was a direction that came from the divisional superintendent. Inconvenience is caused not only to the boxholders but also to the postmaster. I was wondering whether the Postmaster General could inform me whether this direction had come from the administrative branch, or whether it was from the superintendent of that particular district.

Mr. Lapointe: Mr. Chairman, I wonder whether I might be permitted at this stage to make a few remarks in answer to some of the questions that have been asked. Then possibly we could carry this first item and any specific questions could be raised on the other items in the estimates.

As is usually the case when post office estimates come before members of this house, the questions and comments cover a wide range. It is significant that this is so, because I believe every hon. member is more familiar with the everyday operations of the post office department than with those of many other departments. For that reason I welcome all the comments, suggestions and criticisms that are offered.

I do not know just how I could deal at one time with everything that has been mentioned. To start with, much has been said about the stamps of the department. The hon. member for Kootenay West, the hon. member for Middlesex East and others have referred to the various stamps issued by the department. It has been suggested by the hon. member for Middlesex East that we should possibly consider issuing stamps representing floral designs of a provincial character. This matter is at present under study and some designs are being looked into.

I suppose the comments which attracted most attention were those made by the hon. member for Kootenay West, when he repeated the views expressed by many others as to some of the designs in our wildlife series. In the estimates committee, as I think hon. members who sat in the committee will agree, this whole question was fairly well discussed. It was explained by the director of that particular branch of the department that we had a very intricate process of choosing designs, having them approved, referring them to artists and the national gallery and so on. But as he pointed out to the hon. member, I believe, the unfortunate fact is that goats are not good-looking animals. If we are going to represent the wildlife of Canada, we have to represent the animals as they exist. This particular design was submitted to zoologists who said it was a good goat and looked exactly like a mountain goat, and that, unattractive as it was, it was a good representation of that particular animal.

The hon. member tells me that in Borneo they have stamps representing their wildlife. I do not know whether or not the wildlife in Borneo is more attractive than that of Canada. I would hate to slander the Canadian mountain goat, but there you have the situation. As far as that is concerned, any stamp that is issued by the department and which may have a technical aspect or character is always referred to experts on that particular subject.

Of course other comments were made by the hon. member for Kootenay West. I must say that I was extremely pleased that he raised this complex question of the relationship between the letter carrier and the neighbourhood dog. As he pointed out, this is a subject which has attracted quite a bit of attention in the press lately. It is true that in the United States the matter was made the subject of a very serious study. I understand that their statistics in the last year record the fact that one out of twenty letter carriers in the United States has become the victim of some form of attack while delivering mail.

I am pleased to tell the hon. member that our record here in Canada is much better than that. I believe our ratio is something like one out of every 31 letter carriers. Whether or not this is because Canadian dogs are less aggressive or more polite than United States dogs, I do not know. It is still a serious problem. It seems that 200 out of 6,200 employees are subjected every year to this form of attack by neighbourhood dogs.

Just how the hon. member would suggest we approach that problem, I do not know. In some years there have been campaigns to be kind to animals. I must say that the post office tries to be kind to every type of animal with which it has to deal. We sometimes wonder, however, whether the campaign should not be "to be kind to letter carriers". Perhaps there may be some way of enlisting the help of some of the finer dogs who do help the letter carrier by accompanying him along his route just because of the love they have in their hearts for the uniform of the Post Office Department.

It is a serious subject, because the owners of dogs must not forget that they are likely to lose letter carrier service to their homes if the dog prevents the letter carrier from delivering the mail. In addition, they are always liable to be charged for any workmen's compensation which may result from any injury their dog may have caused to the letter carrier. I would be very pleased if the hon. member would co-operate with me in some form of campaign to make sure that Canadian dogs are provided with a more orthodox type of dog food than the letter carriers of the Post Office Department.

I believe I can truly say that the many points that were raised by hon. members were pretty well discussed before the estimates committee. Of course that is no reason why they should not be brought before the house. Mention has been made of the fact that rural mail couriers should be paid a flat rate per mile. This was looked into by the department some years ago, and under the present act we ask for tenders for a contract. If we are to have the tendering system, we cannot fix a rate before asking for tenders. I do not think a true comparison can be made or relationship developed between the other employees of the department, who are classified civil servants, and the rural mail courier who tenders on a contract and enters into an agreement with the department to carry the mail on a particular route at a rate which he himself sets.

Under the present act, as hon. members know, any contractor may, after he has been executing his contract for two years, apply for adjustment of his rate if he feels he is not getting proper remuneration. This is done quite regularly by most rural mail contractors. Then the department can calculate the average that is paid in that particular area. If a man is receiving a rate that is below the average an adjustment is made in his contract.

The hon. member for Kootenay West mentioned the question of appeals by employees of the department as the result of promotions. These appeals are looked after by the civil service commission. They are part of the whole civil service set-up and the department, as such, does not handle them. It is quite true that in many of these promotional examinations the postmaster in that particular district may be sitting on the examining board, but these appeals are completely outside of the hands of the department. They are done that way so that at no time can the senior employee who sat on the board have any decision on the appeal. I believe, therefore, there cannot be an injustice done.

Mr. Herridge: Will the minister tell me if they are allowed to appeal to any other authority other than the board that decides on the promotion?

Mr. Lapointe: They can appeal to the civil service commission directly, under the act.

The hon. member for Oxford mentioned the establishment of letter carrier service in certain localities. I think it is well understood, Mr. Chairman, that the department must have a standard which it tries to follow in connection with the establishment of new letter carrier services. Generally speaking the basis is that the locality where the post office is situated should be one where the post office has a revenue of $50,000 a year and there should be 2,500 points of call for letter carrier delivery in that locality. That is a standard but naturally, like any other formula used in a service such as the post office, it has to be flexible. So far as the revenue factor is concerned, it may vary according to circumstances. But generally speaking we find it is very difficult, unless we are sure of 2,500 points of call, to establish such a service. Each one is the subject of a special investigation, and it may be established even if all those conditions are not met. I will certainly be glad to look into the cases which the hon. member mentioned.

There were many other points brought up. The hon. member for Notre Dame de Grace mentioned various things. He suggested that possibly we were lax in getting information on other postal services outside of this country and establishing comparisons of various activities in the department with those in other countries. Well, we do keep in constant touch with the postal services of other countries and particularly with the United States and with Britain, and we do make comparisons. However, these are not always useful because bases of statistics may vary.

For instance, the hon. member mentioned the incidence of crime and the number of break-ins in postal establishments in Canada as compared with those in the United States.

Well, this is one thing on which we have been in touch with them, but we find that their statistics, like some which the hon. member quoted, were based purely on the number of arrests and convictions but not on the number of offences committed. That is the same as the figures my hon. friend gave. He did mention that the increase in break-ins of private enterprise, shops of all types, had been 14 per cent. Well, actually the increase between the last fiscal year and this year, as far as offences are concerned, was only 2·3 per cent as regards break-ins in the post office establishments, but there again it is very difficult to make any comparison because I believe the figures he gave were for convictions and not the actual number of offences committed. In other words, one is comparing two different types of statistics.

The hon. member did mention at some length what he considered was the unequal rate of pay for postal employees doing similar work in two different cities, and he referred more particularly to officers of the department in charge of postal stations in Montreal and in Toronto. These rates of pay and the grading are done by the civil service commission. A survey of the various establishments of this department and of other departments is made continuously, and the civil service commission establish the grading of the employee in his particular postal establishment.

In Toronto we have 18 postal stations; in Montreal, I believe, we have 28, which means that the volume of work in the postal stations in those two cities is not the same. The grading is made, following a survey by the civil service commission, according to the volume of work, the responsibilities and the number of employees for which the particular postal officer is responsible, and not necessarily the revenue, because it may well be that the postal station in the downtown business section of Montreal or Toronto might have a very high revenue, whereas there is actually very little volume of mail handled. That is the basis on which the civil service commission determines the salaries. But at the present time, as I mentioned, this whole situation is being surveyed, not only as between the offices in those two cities but from coast to coast.

I wonder, Mr. Chairman, whether any other comment I might make could be made on the other items as hon. members ask their questions?

Mrs. Fairclough: Mr. Chairman, I do not know whether there is any item on which the minister would like to comment with regard to the matter I brought up relative to the two a day delivery or the one a day delivery and its relation to the number of persons picking up mail at letter carriers' wickets. Does the minister propose to comment on that?

Mr. Lapointe: As regards the number of business firms that pick up mail, as the hon. member has mentioned, I might point out that this is one of the services given by the Post Office Department, called the bag service. The firms pay a rate for it. They prefer calling at the post office and getting the mail addressed to their firms in one bag rather than using a box. But it usually is the case that they get such a volume of mail that one or two boxes would not be sufficient to meet their need. Therefore we provide the service at a rate which would be the rate for the maximum size of box in the post office. All their mail is sorted and put into a bag and they come and get it themselves, just as they would call for their mail in a mail box.

Mrs. Fairclough: I daresay that is true in some instances. I cannot believe it is true in other instances, particularly in a city where all the mail boxes are already rented. For instance, in the city of Kitchener all boxes are rented. In the city of Calgary there are almost as many persons picking up their mail at the letter carrier wicket as there are holding boxes in the post office. I cannot believe that is the complete explanation. In Edmonton, Alberta, there are practically half as many people picking up mail at the letter carrier wicket as there are holding boxes.

I grant you that that may be the case in a fair percentage of instances, but I do not believe it is the case in other instances. It has been brought to my attention, and it was brought to my attention particularly at the time of the increase in postal rates and the reduction to one a day service, that a great many people wanted to pick up their mail rather than have it delivered if it meant a 24-hour delay. That condition still obtains in the city of Hamilton in a business establishment within three blocks of the general post office. The business houses are receiving their mail 24 hours late by reason of the fact that they have one a day delivery and the mail goes out the first thing in the morning. Surely the minister could rectify that situation by either making available more post boxes or have two a day delivery to business houses.

Mr. Lapointe: I shall be very pleased to look into that, Mr. Chairman, but I am told that as a general rule the reason this service is made use of by firms is that they prefer to have it. Now, it may be that the situation varies in different localities, but that has

been the experience of the department. However, I shall be glad to look into this.

Mrs. Fairclough: I report once more that since March of this year there have been two boxes for rent in downtown Toronto and two for rent in Hamilton. You just cannot get them.

Mr. Nesbitt: I am very glad the minister answered some of my questions and gave a sort of rule of thumb basis on which mail delivery service is supplied to communities. I am also very glad to hear that he is going to look into and consider carefully the situation in Ingersoll and Tillsonburg. However, I would like to hear if as yet there has been any melting of the minister's heart with respect to the old ladies in Ontario who have served in post offices and are deserving of small pensions for the probably two or three years which will constitute the remainder of their lives.

Mr. Lapointe: I can assure the hon. member, Mr. Chairman, that the minister's heart as he well knows softens very easily—

Mrs. Fairclough: That's news.

Mr. Lapointe:—but this is a question of policy, and the minister cannot allow his own personal feelings to decide the question. It is being looked into at the present time.

Mr. Montgomery: Did I understand the minister correctly when he said that he could not furnish an answer to my question now but that he would do so later in writing or by a letter?

Mr. Lapointe: Mr. Chairman, I have this information now. The post office referred to by the hon. member is a revenue post office; that is, it is a post office where the annual revenue is under $3,000. The postmaster in the locality resigned. In the case of a revenue post office the postmaster has to provide the accommodation himself, and when the postmaster resigns and a new postmaster is appointed the responsibility for the accommodation is that of the new postmaster. That is the situation at the present time.

Mr. Montgomery: The department did not pay any rent for the former post office; is that right?

Mr. Lapointe: Yes, Mr. Chairman. There was until this spring, in the case of postmasters in revenue post offices, a rental allowance which was paid to the postmaster above his salary. When the revision of salaries took place this spring the salaries of these revenue postmasters were raised, and they now include what was the equivalent of the rental allowance, so that at the present time a postmaster in a revenue post office does not receive a rental allowance but his salary includes compensation for providing the necessary quarters.

Mr. Montgomery: Mr. Chairman, I have another question. Has there been a new postmaster appointed at this post office, and if so was it done under competition?

Mr. Lapointe: My understanding is that he has been replaced, Mr. Chairman.

Mr. Montgomery: Was it done under competition?

Mr. Lapointe: I am sorry but I do not understand.

Mr. Montgomery: In a revenue post office such as the one we are discussing is the appointment not made after competition, or is it purely a political appointment?

Mr. Sinclair: The veterans' preference applies.

Mr. Lapointe: Under the act, Mr. Chairman, the appointment is made by the Postmaster General. We have, of course, the veterans' preference, as the hon. member knows. Every legion branch in the locality is advised that this post office is going to become vacant and a notice is published in the post office, but it is not a civil service classified appointment.

Mr. Montgomery: That is the information I wanted.

Mr. Lapointe: Only when the revenue reaches $3,000 is the postmaster's appointment—

Mr. Montgomery: I did not catch that.

Mr. Lapointe: Only when the revenue of the post office reaches $3,000 does the appointment of a postmaster become a classified appointment under the civil service.

Mr. Montgomery: Just one more question in connection with that matter. Does the Post Office Department lay down any specifications for the space that must be provided for the revenue post office when the space is provided by the postmaster and he does not receive any more than his salary? Is he able to decide himself how much space he is going to provide for the public in the post office?

Mr. Lapointe: No, the department sends an inspector into the locality and he has to give approval to the accommodation which is going to be provided by the postmaster. In fact, if the person who is to be appointed postmaster cannot provide the accommodation which we consider to be necessary, then he cannot be appointed postmaster. He has to provide it, and we check on that.

Mr. McBain: I would like to ask the Postmaster General three questions. Perhaps I can group them and save a little time. When was the last over-all adjustment made giving rural mail carriers or contract carriers an adjustment of their contracts? How was this adjustment arrived at? Is consideration now being given to a raise for them, and if so when will it come into effect?

Mr. Lapointe: I am sorry; may I have the third question again?

Mr. McBain: Is consideration now being given to an adjustment in the contracts and if so when will it come into effect?

Mr. Lapointe: Mr. Chairman, the hon. member may recall that when the Post Office Act was revised during the session of 1953 a section was brought in at that time to authorize the Postmaster General to make adjustments. Up to then there was no authority for the department or for the Postmaster General to make any adjustments or give any increases. This was done during the war under an order in council passed under the Emergency Powers Act. At that time in 1953, section 33 was amended to give the Postmaster General authority to make adjustments and give increases under certain conditions which are mentioned in that particular section. Following the passing of that act in the 1953 session adjustments were made after a survey throughout the country of all rural mail contracts.

This particular section makes it necessary that a contractor must have been executing his contract for a minimum of two years before an application for an increase can be considered by the department and there is no discretion on the part of the minister or anyone in the department to deal with these matters until the contractor has been executing his contract for at least two years.

Mr. McBain: I would like the minister to answer my third question. Is consideration now being given to an adjustment for those who had been holding contracts for two years or longer?

Mr. Lapointe: That has now become a continuing process, Mr. Chairman. Any contractor may—and he must personally—make application after two years if he wants to have an increase in his contract. We receive them regularly and all these new contractors, as my hon. friend mentioned, after two years would write in and ask that their contracts be considered from the point of view of receiving an increase.

Mr. McBain: I have one other question. What are the necessary steps that have to be taken in order to have a letter carrier service established in a suburban area?

Mr. Lapointe: A letter carrier service?

Mr. McBain: Yes.

Mr. Lapointe: Not a rural mail carrier service?

Mr. McBain: No, a letter carrier service.

Mr. Lapointe: Is my hon. friend referring to a suburban area adjacent to an area already served by letter carrier?

Mr. McBain: This area is adjacent to the city of St. Thomas.

Mr. Lapointe: In answer to a question by the hon. member for Oxford I outlined the standards which had to be met before a new service would be established. In the case of a suburban area adjacent to a municipality where a letter carrier service already exists, the conditions and number of calls must be such that the service can be given merely by increasing the number of letter carriers and extending the routes. Each case is considered individually, and it is difficult to say just what standards have to be met.

Mr. McBain: This matter came up just before the 1953 general election when these people petitioned to have a service. They were promised that if they would elect a Liberal government they would be taken care of. Three years have gone by and they have heard nothing more about it. Do they have to sign another petition before any consideration will be given to this matter?

Mr. Lapointe: I do not know the particulars of the case to which my hon. friend has referred, but it would not be necessary to sign a petition. If according to the views of the department—and all members may not agree—it is decided that the request for a service cannot be granted, that matter is kept under continuous review. It is looked into year after year to see whether conditions have changed so that the service may be extended.

Mr. Zaplitny: I was interested in the reply made by the minister to the hon. member for Oxford with regard to inaugurating a letter carrier service. The minister mentioned two norms which must be met, a minimum of $50,000 revenue and 2,500 call points. The interesting part of the minister's remarks was his statement that there would be a little flexibility, and that these norms would not always necessarily be met. I should like to explore that a little further to find out just what the minister meant. If the minister will say that the application made by the town of Dauphin will be considered I shall say no more. It happens that a survey was made not long ago and we came just under

the 2,500 mark, but we were informed that we could not have a letter carrier service. If the minister will say that the matter will be reviewed I shall have nothing more to say.

Mr. Lapointe: I can assure the hon. member that the case of Dauphin will be reviewed. However, it would be reviewed without any action on the part of the minister, because that is done automatically by that division of the department. As I mentioned before, when the request has been made a survey is carried out, and if it is found that the conditions cannot be met the matter is kept under continuous review and as the area develops it may be able to meet the minimum standards and the service would be established without any further request being made.

Mr. Monteith: Can the minister indicate the policy followed in listing the telephone numbers of the post office in the telephone directories?

Mr. Lapointe: I am told that the telephone number of a post office is listed in the telephone directory only in cases where there is a letter carrier service. Otherwise the number is not listed, the reason being that where such numbers have been listed the postmaster found that he spent a good deal of his time answering telephone requests as to whether there was mail for a particular individual.

Mr. Monteith: It is listed only where there is a carrier service?

Mr. Lapointe: It may be that there are one or two cases where it is not listed, but we are not aware of any.

Mr. Gillis: I am aware of quite a few places where there is a letter carrier service and the telephone number is not listed, and I think rightly so.

Mr. White (Middlesex East): What percentage of first-class mail is actually airborne?

Mr. Lapointe: I am informed that about 50 per cent of first class mail is for local delivery, and that approximately 60 per cent of the remainder would be carried by air mail.

Mr. White (Middlesex East): That means that about 70 per cent of the people who are paying first-class postage are subsidizing the other 30 per cent who are having their mail airborne.

Mr. Hamilton (York West): Can the minister give the committee any information about the demolition of the building at York and Fleet streets in Toronto?

Mr. Lapointe: That question would be more appropriate for the Department of Public Works, as we have nothing to do with the actual buildings we occupy.

[Mr. Zaplitny.]

Item agreed to.

325. Operations—including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, also including administration, $81,501,011.

Mr. Hansell: I am pleased to learn that the department is kind to dumb animals, but I should like to ask the minister if a little more kindness could not be shown on occasion to members of the human family. I have in mind the small town postmaster who is not on pension, but who after a long term of service finds his services no longer required. I have a particular case in mind, where the post office in a small community was closed and where the postmaster had served the community for 26 years. By reason of faster train service and perhaps one or two other factors, the post office was closed and the district was turned into a rural route district service post office in a larger community. The postmaster's services were no longer required.

During the 26 years this postmaster never failed to meet the trains and dispatch and receive mail. Rain or shine, 40 below zero or summertime, he was on the job. Now, in the letter he writes to me, he says:

> Small salaries, thus unpensionable, at over 65, the postmastership abruptly terminated with no appreciation or word of thanks, though I note inspectors ride up and down the province presenting ribbons or medals to longish term operators of stamp wickets, etc.

I shall not take any more time on this, but I wonder whether the minister could tell the house whether or not some provision cannot be written into the regulations respecting some form of compensation for these postmasters, even though it may be on a contributory basis. Is it not possible to bring those people into some sort of pension plan?

Mr. Lapointe: If the hon. member would provide me with the name of the particular post office in the case he mentioned, I should be glad to look into it. The rule now is that a full-time postmaster whose minimum salary is $900 or more will be superannuated.

Mr. Hansell: I shall bring the particular case to the minister's attention.

Mr. Hamilton (Notre Dame de Grace): The Postmaster General did not reply to a number of points I raised earlier, to one or two of which a reply might be expected. Before pointing them out to him, I should say that I thought his answer to the two points he dealt with, that is the discrepancies in staff gradings as between the two cities and the

comparison of gradings, shrugged off two rather important problems with some quick, statistical manipulation that bothered me a little.

If he examines in *Hansard* the details that were put there, I think he will see that the situation, particularly as regards the staff gradings in these two cities, is serious and that it covers situations in which people in substantially the same type of offices, with substantially the same number of employees and with substantially the same revenue, have different gradings. That is extremely important and should be rectified, and the people brought up to the higher grade.

Having said that, I wonder whether he would like to tell us about the research work being done in the department, with particular reference to the sorting machine and the expenditures on that to date. That was one of the questions I asked before.

Mr. Lapointe: I am afraid I cannot fully agree with the hon. member for Notre Dame de Grace when he says that I discarded lightly his remarks as regards discrepancies in salaries of postal employees in various cities. I mentioned that a survey had been made and that the civil service commission, with a man of the department, was looking into it. Unfortunately the department itself does not set salaries.

As regards the electronic sorting machine to which my hon. friend referred in his earlier remarks today, I am sorry that I could not ask interested members of the committee, as I had undertaken to do during the committee sittings, to come and see that machine in operation. At that time I mentioned that certain components were being worked on by the contractors who are doing the electronic side of the operation and were away from our laboratories in Ottawa. I am told that not all of these components have yet been returned. However, anything we have here at the present time can be seen by any hon. member. If the hon. member for Notre Dame de Grace would like to come down to see the laboratories and what we have there at the present time, and have our research staff explain to him the projected operations of that machine, I should be very glad to make arrangements at any time—tomorrow, if he so desires.

Mr. Hamilton (Notre Dame de Grace): When is this million dollar monster going to get into operation, so we can see it in use?

Mr. Lapointe: There is no such thing as a million dollar monster; or if there is, it exists only in the mind of the hon. gentleman from Notre Dame de Grace. It so happens that the Post Office Department is the only organization in Canada that carries out postal duties. Any research work that has to be done in connection with the operation of the postal service has to be done by the department. We are doing very advanced research work in electronics with a view to developing and installing machines in the larger post offices for sortation, for quicker and more efficient service. Any development work of that kind is not done simply and cheaply. We have given all the details of expenditures on that machine in the estimates committee, and my friend knows about them. We also told my hon. friend that we expected that the machine would possibly be installed in the Ottawa post office at the end of this year. I am told that the schedule might be delayed by a couple of weeks.

Mr. Hamilton (Notre Dame de Grace): That would be the second delay, would it not, in the plans for installing this machine?

Mr. Lapointe: I do not know whether it is the second delay. I will admit that it might be the third delay. That is a situation which arises when any development work is done in that field. Surely my hon. friend, who is so familiar with all the activities of business and so on, knows that situation quite well.

Mr. Hamilton (Notre Dame de Grace): I am merely trying to find out a few things about a million dollar expenditure of the Post Office Department, and I do not see why the Postmaster General is so annoyed about it at this point, as is so evident from his attitude if not from the words he has used.

Mr. Hosking: He is not the only one.

Mr. Hamilton (Notre Dame de Grace): The department has had some experiences with other important machines. It has spent a long time before it got them sorted out in the initial stages, when they were not satisfactory. It is doing research work which may ultimately bring us great benefit. But surely we are entitled to have information in this house without annoying the minister. If I am annoying the minister, I shall not stop but I shall apologize.

An hon. Member: It is not only the minister who is annoyed; it is all the members of the house.

Mr. Hamilton (Notre Dame de Grace): Perhaps now the minister might like to tell us whether he thinks it will be a good idea or whether he is considering as was suggested in the estimates committee, transferring

security operations from the post office to the R.C.M.P., and their co-ordination in that field.

Mr. Lapointe: First may I assure the hon. member for Notre Dame de Grace that he does not annoy me the least bit. I simply wanted to point out to him that the information for which he was asking had been given to him in the estimates committee, that the proceedings of the estimates committee are printed and that they are public documents. I therefore could not see why he would not have that information.

As to the point he brought up and which we discussed at the time, namely the use of the R.C.M.P., I think at that time the hon. member had in mind that there were certain offences with regard to which the R.C.M.P. seem to take the full responsibility of investigation and police work. At that time he referred to counterfeiting and possibly to narcotics.

This matter was looked into. We made inquiries from the R.C.M.P. and from the Department of Justice. As regards break-ins and robberies in connection with individual postal establishments, we were told that the R.C.M.P. would not be justified in taking over in those provinces where there is a local police force or in those provinces where there is a provincial police force, unless they were called upon to do so. We were told that as to certain offences such as those which he mentioned, it was considered by the provincial governments which, under the constitution, have the responsibility for the administration of justice, they were of a national character, so to speak, and that investigation work could be more efficiently done by the R.C.M.P. But that is only done because such is the view of the provincial authorities which have that responsibility for the administration of justice.

In certain other cases such as revenue cases and narcotic cases the work which is done by the R.C.M.P. is part of the administration of the act itself. As my hon. friend knows, they follow the narcotics trade, so to speak, and supervise the local sale of narcotics because it is done under a federal statute. That is part of the administration of the act which the R.C.M.P. undertake. But as I mentioned earlier, in the case of these break-ins and robberies it is considered that these are offences committed in a specific locality; and if the locality has a police force or if the province has its own police force, they are the responsible people. The R.C.M.P. will of course co-operate with them, and very often they are brought in and are asked by the provincial authorities to co-operate. But it is primarily a provincial responsibility.

[Mr. Hamilton (Notre Dame de Grace).]

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, over the week end there was considerable comment around Ottawa to the effect that a new postal station was going to be erected in the west end of the city. Certainly I think that news will be greeted with certain acclaim in that area and I have no doubt that those affected will be very pleased about it. On the other hand, there is another part of the city known as the Glebe. For whatever reason, my attention was drawn by telephone several times today to the fact that they had been making representations for a post office building in that area and that nothing whatsoever had been done for them. Since this is close to home, I am wondering whether the minister might give us an explanation with regard to that matter, or whether he can say when the Glebe might expect to receive their own station.

Mr. Lapointe: As my hon. friend knows, construction of any buildings to be used by the Post Office Department is done by the Department of Public Works, and any announcement of the construction of a new building would necessarily come from the Department of Public Works and not from this department.

Mr. Hamilton (Notre Dame de Grace): Surely, Mr. Chairman, the public works department just does not go out and say, "We should like to build a post office" in this area or that area. As the minister very well knows they do it on the recommendation of the Post Office Department. I was asking him what his attitude was toward the recommendation for this post office, whether it had been recommended and if not, what expectation there was that it would be recommended.

Mr. Lapointe: My hon. friend will realize that the Glebe is relatively close to downtown Ottawa and that the west end is about five miles away. It is quite true that these buildings are constructed by the Department of Public Works at the request of the Post Office Department. We continuously make surveys of the town, city or metropolitan area in which we are giving service. As we find that expansion is taking place which is going to extend too greatly our existing services, a new postal station is built and a new distribution centre starts from there.

That is what is taking place out in that area which, as I have already mentioned, is some five miles away from centre town, as I understand it. The need has not yet been felt as far as the area to which my hon. friend refers is concerned. This matter will be continuously reviewed. As soon as the department feels that another building will

be necessary for efficient service, the request will be made on the public works department.

Mr. Hamilton (York West): Mr. Chairman, I hesitate to make this suggestion, except that I understand the Minister of Finance is arranging to have a very nice surplus this year so he can pass on adequate tax cuts next year,—

Mr. Harris: That would not be the case if you had your way. You wanted me to give it to the provinces.

Mr. Hamilton (York West): As a matter of fact, Mr. Chairman, since the Minister of Finance has interjected, it would seem to me that if it went back in that way it would go back to the taxpayers more fairly than by anything that will be done by this government.

Mr. Sinclair: No. The people want to spend their own money.

Mr. Hamilton (York West): If I might be allowed to continue, I should like to say this. I made the opening reference because of my feeling in connection with this estimate. I have looked at the details on page 433. I am certainly impressed with the large groups of employees. Certainly, we cannot say that we are paying them adequately when you talk about postal clerks, mail handlers and letter carriers. I would respectfully suggest that before next year's estimates come around, the minister might seriously look over the situation as far as pay is concerned in order to see that they get an adequate living wage.

Mr. Lapointe: I should like to point out to the hon. member that these salaries have been adjusted since these estimates were printed.

Mr. Hamilton (Notre Dame de Grace): I should like to confirm my understanding of something the minister said a few moments ago. I understood him to say—and we shall use a non-controversial term—that the electronic sorting machine will be in practical operation in the post office about the middle of January, 1957.

Mr. Lapointe: That is what is expected at this time, yes; that it will be in actual operation in the Ottawa post office.

Mr. Hamilton (Notre Dame de Grace): When does the minister expect that it will be in condition for any interested parties to inspect it?

Mr. Lapointe: If my hon. friend wants to come down to the laboratory tomorrow morning I will see to it that the staff is there to explain to him what is there. However, I mentioned that certain components are being worked on by the contractor for the electronic device part of the machine in Toronto, and that they would not be there. Hence the whole machine would not be in operation for my hon. friend to see.

Mr. Hamilton (Notre Dame de Grace): That is the point I was making. When is the pilot machine, the one that we are talking about, going to be in operation for test runs again?

Mr. Lapointe: It will be test run this fall at the manufacturer's laboratory. I am not an electronics engineer, but I understand that certain components of that machine can be tested and developed separately from the rest of the machine. The machine has been assembled and tried out, and certain adjustments needed to be made. The components are sent back to the manufacturers where they keep on testing and developing them. It is very difficult to say just on what date the components will be assembled this fall in Ottawa for the machine to be tested as one unit. It is expected, however, that it will be in the Ottawa post office by January 15.

Mr. Hamilton (York West): May I remind the minister that my remarks still stand notwithstanding the adjustment, which we knew about.

Item agreed to.

326. Transportation—movement of mail by land, air and water, including administration, $46,388,302.

Mr. Green: May I ask the Postmaster General whether it has been possible to bring about any reduction in the length of time it takes to get surface mail out from the United Kingdom? From time to time I get complaints about the long delays in getting that mail across. For example, in one case it took 23 days. Has there been any improvement in that situation?

Mr. Lapointe: I am informed that there have been new steamers brought into service by some lines, particularly Cunard and Canadian Pacific, which will give faster surface transportation. Outside of that, however, there have been no changes.

Mr. Green: Why is it so difficult to get the mail across in a reasonable time? Apparently the service was much faster many years ago.

Mr. Lapointe: One difficulty is that there is much less shipping now than before the war. There are not as many ships or as many scheduled sailings as there used to be; that is the only difference. Furthermore, many of the ships now are slower ships than

those big liners that used to exist before the war many of which were sunk, as my hon. friend knows.

Mr. Montgomery: In the first place, I should like to say a word under this item because I feel we should throw a few bouquets to some of the officials in the department if they deserve them. There have been improvements in the rural mail delivery in my constituency. I want the minister and the department to know that I feel there have been improvements. Every time I get up to say a word I am not critical of the department. There has been some improvement, but there is still room for further improvement.

There is one thing I should like to make very plain to the minister, and I am very sincere about it. I find that when these matters are taken up with the officials of the department, the superintendent and all the way through, they are handled fairly and everybody seems to be happy. However, in some cases there seem to be a lot of people who have influence with the minister, and the minute that happens I find there is not so much satisfaction. It is for that reason I should like to point out that I feel the more this department is left free to handle investigations and make recommendations, the better the service will be.

There has been improvement in several cases in my constituency. I have taken up one particular mail route with the minister because the situation is pressing, but I have had no reply. I presume he is looking into the matter. I must say that since the late postmaster general passed on, information has not been conveyed to me quite as promptly. I should like to pay my respects to the late postmaster general. I was a new member while he was postmaster general, but I always got wonderful co-operation and it was a great pleasure to work with him. The particular route to which I am referring is out of Colchester; I know the minister will recall it. I have been asked to bring this matter to the attention of the minister.

A few years ago the mail route stopped a half mile short of the last residence on this highway. I will admit frankly that I have never been able to find out why that was. I am not going into the whole story, because it is late, but the minister can find out the details from some other source if he so desires. During a period of four months when this contract was renewed the mail was carried to this last residence, and then it was stopped. This resident happens to be a widow, and now she has to walk back this half mile to get her mail. I sincerely ask the minister to look into this, because I do not think it is fair and neither do this lady's neighbours feel it is fair that a woman should have to walk half a mile to get her mail when she lives in the same settlement as the others on that route.

In addition to that, there is a little branch off this route on which there are three boxes. I understand there has been some relaxation of the rule concerning the mail carrier going off a short distance to service residences. I have already written about that, because I have had several letters from the person at the end of that route. She has a small family, and it is very difficult for her to go and get the mail. I hope the matter will be given consideration.

There is another thing I want to mention. There are two mail routes that might be put together if the two contracts expired at the same time. Since we now have the automobile and better roads, I believe consideration could be given to improving some of these routes by amalgamation. The roads are kept plowed in the wintertime and service could be rendered by automobile.

Those are some of the things I wanted to bring to the minister's attention. I did want him to know that we have been very well served and the service has been improved down there.

Mr. Lapointe: I shall be glad to give the matter consideration.

Mr. Hamilton (York West): I wonder if the minister would give me a breakdown of the figure on page 436 of the estimate book, $11,135,000, the payment for mail service by air, amongst the four or five major companies involved.

Mr. Lapointe: May I have that question again? What breakdown does the hon. gentleman want?

Mr. Hamilton (York West): I asked for a breakdown of the payments to the four or five major companies involved in the $11,135,000 for mail service by air. If that is not possible, perhaps the minister could give us a breakdown of last year's figures.

Mr. Lapointe: I could give the hon. member the breakdown by various air lines, if that is what he wishes.

Mr. Hamilton (York West): Yes.

Mr. Lapointe: The year 1955-56 will, I think, give my hon. friend a pretty good idea. Trans-Canada received $8,419,600; and Canadian Pacific Air Lines received $1,778,500. The rest consists of various smaller lines. It is quite a lengthy list. It varies between $1,000 and $211,000. The latter figure applies

to Maritime Central Airways, which does a lot of the services in the maritimes. Eastern Provincial Airways received $150,000; Central Northern Airways Limited, $101,500; Northern Wings Limited, $53,500; Quebec Air Services, $45,000; Queen Charlotte Air Lines, $43,300; Saskatchewan Government Airways, $16,000. The remainder consists of smaller amounts. As I say, they vary between $1,000 and $10,000.

Mr. Hamilton (York West): This includes the international service?

Mr. Lapointe: It is both domestic and international.

Mr. Charlton: Is it because Trans-Canada is the only air line that is carrying mail in certain districts that the amount is so large for T.C.A. and so little for the others?

Mr. Lapointe: Yes. As my hon. friend knows, Trans-Canada is the only air line that handles transcontinental traffic, and similarly it is the only Canadian company that does trans-Atlantic flying, so that involves a very high volume of mail, both transcontinental and trans-Atlantic.

Mr. Charlton: If all first-class mail that it is possible to carry by air is carried by air, why is it necessary to sell air mail stamps and why should a good many people keep on using air mail stamps?

Mr. Lapointe: I think the stamp to which my hon. friend refers is the 7-cent stamp. I should point out to my hon. friend that if he looks at it he will see that there is nothing on it to indicate that it is an air mail stamp. It has nothing written on it but "Postage, Canada, 7 cents". There is nothing to indicate that it is an air mail stamp. However, it does serve because all first-class matter, letters up to 8 ounces, are carried on the all-up service at 5 cents, but anything else, parcel post, and so on, will cost more, and the 7-cent stamp is used. It is also used for air mail outside of Canada. There is nothing to restrict the use of that particular 7-cent stamp to any postal facilities.

Mr. Charlton: But it is understood by most people, and it has been stated in many instances, that if the person wants to be sure his letter goes by air mail, then he must put a 7-cent stamp on it. Air mail stickers for letters are still available at post offices. You do not ordinarily put an air mail sticker on parcel post.

Mr. Lapointe: I agree; the stickers still exist and they will be used because we must have them for air mail outside of Canada or for other postal items outside of first-class mail which are carried by air mail. We have the sticker, and the 7-cent stamp is used for that purpose. But, as I pointed out, there is nothing on that stamp to indicate that it is an airmail stamp. It is just a Canadian stamp to the value of 7 cents.

Mr. Charlton: But that does not alter the fact that many people today are still paying 7 cents for an air mail sticker on the letter to be sure it goes by air. Is that necessary or not?

Mr. Lapointe: It is not necessary. All first-class matter, up to 8 ounces, will be carried by air for 5 cents, if that is the quickest way to get that letter to the addressee. If it can be carried just as fast by train, then it will go by train.

Mr. Charlton: What percentage of the mail from Ottawa to Toronto goes by train?

Mr. Lapointe: At the present time there would be a very high percentage, because since April 30 we have had a new train service between Montreal and Toronto which does nothing else. It was put on by the C.N.R. between Montreal and Toronto both ways and it carries nothing but mail. The Ottawa mail goes from Ottawa to Brockville by motor vehicle and is placed on that train during the night, sorted on the way down and delivered the next morning in Toronto or Montreal, depending on where it is being sent.

Mr. Charlton: Is it the same from Toronto to Ottawa?

Mr. Lapointe: Yes.

Mr. Rowe: I should like to ask a question with reference to the supplementary truck service. Is it the department's policy to maintain the same service where one train has been cut off in villages in western Ontario because of the Canadian National Railways' adjustment?

Mr. Lapointe: As soon as we are advised by the railway company that they intend to curtail a certain train service, or change their schedule, or perhaps bring it down from six times a week to only three times a week, we immediately get ready to set up a truck service so there will be no break in the general service.

Mr. Rowe: I have thought that was your purpose and policy, and I have been rather defending the government for the last six or eight months up in my district where they have had mail service coming in in the morning and going out at night so that business people could answer mail on the same day. I have had repeated requests to urge the government to continue this service, because in the past 28 months that has not been the

situation and they are getting so hostile that I cannot keep them in very good humour toward the government unless it is changed.

Mr. Lapointe: I can assure the hon. gentleman that I shall look into it immediately, because if there is one thing I do not want it is that his constituency should be hostile to him.

Mr. Rowe: I think it should be improved in view of a possible election next summer.

Mr. Hamilton (York West): Does all the trans-Atlantic airmail from Canada go by T.C.A.?

Mr. Lapointe: Not necessarily, because there is now a service between Vancouver and Amsterdam which is a C.P.A. service, and there is a certain volume of mail from the western part of the country to Europe which goes by that service. The remainder does go by T.C.A.

Item agreed to.

670. Operations—further amount required, $713,800.

Mr. Hamilton (Notre Dame de Grace): Will the minister tell us what the additional amount of $141,000 for professional and special services is for?

Mr. Lapointe: It is an additional sum required for this electronic research project.

Mr. Hamilton (Notre Dame de Grace): And how much was provided for that, Mr. Chairman, in the regular estimates for the year?

Mr. Lapointe: $340,000.

Mr. Hamilton (Notre Dame de Grace): That would make the total expenditure on the machine to date approximately $850,000; is that correct?

Mr. Lapointe: Yes.

Mr. Hamilton (Notre Dame de Grace): Why was it necessary to bring in this additional $140,000 late in the year, Mr. Chairman? Was it not provided for earlier? Did the planning of this machine not extend that far?

Mr. Lapointe: I am informed that in the planning of the main estimates at that time it was not thought that the machine would have progressed to the stage it has, nor was it thought that this additional amount would be needed quite as quickly to complete the project as will be the case.

Mr. Hamilton (Notre Dame de Grace): Perhaps one of the reasons I am so interested in this, Mr. Chairman, is because of a chance remark of the deputy postmaster general which was quoted in *Time* magazine of April 18, 1955, when he said in part:

[Mr. Rowe.]

. . . eventually, I suppose, they may even find an electronic brain to replace me.

I hope the Postmaster General is not progressing in that direction. Could the Postmaster General give us a breakdown of the additional amount of $370,100 for the acquisition of equipment in the supplementary item?

Mr. Lapointe: Locks, $18,000; battery charging equipment, $11,951; motor equipment, trucks, $20,500; mail boxes, one lot, 1,000 boxes, $63,750; one group of 500 boxes, $31,875; and scales, $4,000.

Mr. Hamilton (York West): What are you going to call this machine; Walter?

Mr. Hamilton (Notre Dame de Grace): Does that add up to $370,000?

Mr. Lapointe: There is a contract with the research company for the supply of 20 automatic facingup machines, and part of that shipment might be delivered this year. We have provided this supplementary estimate in case the delivery does come this year.

Mr. Hamilton (Notre Dame de Grace): Does it have any connection with your electronic sorting machine?

Mr. Lapointe: None whatsoever.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Canadian Broadcasting Corporation—

54. To provide for the requirements of the sound broadcasting service (to amount formerly authorized by chap. 32, Revised Statutes, $6,250,000.

The Chairman: Shall this resolution carry?

Mr. Low: I am sorry, Mr. Chairman, but I cannot let this item pass without some further comment. When these estimates were before us on July 28, which I believe was the last time we considered them, I had not finished saying what I wanted to say because time was against me for some reason; I think perhaps I took a slow pace.

I was saying when time was called against me, Mr. Chairman, that the policy the government has followed with respect to the C.B.C. has been most contradictory; that it cannot be justified in any way by logic or reason, and that the government should take a more careful look at that policy to see if something cannot be done to make it represent the kind of policy that one would expect to find in a country that is supposed to be a free enterprise country.

I made the statement that the government had taken unto itself under its policy the right to operate broadcasting stations, but refused to allow any other government in Canada to do a similar thing no matter what their justification might be. I was quite surprised at an outburst by the minister when I was talking

about continued applications of radio station CKUA in Edmonton for a commercial licence. The minister burst in with this comment, as reported at page 6642 of *Hansard* for July 28, 1956:

How long was it used for political broadcasts?

I believe I said at the time, Mr. Chairman, that this statement let the cat out of the bag because for quite a long time, since 1941 in fact, the minister had held to the one answer that the reason radio station CKUA in Edmonton was not given a commercial licence so it could step up its power and be of greater service in the educational field in Alberta was that there was not room for another station in the city of Edmonton.

I drew the minister's attention to the fact that since the last application was made by the Alberta government in 1947 for a commercial licence for CKUA, the university station, two new stations had been granted licences in the city of Edmonton, and then it was that he burst in with his statement, "Well, how long was it used for political broadcasts?" indicating that what has been in the mind of the minister and his colleagues all along was the fear that granting CKUA a commercial licence would endanger the political longevity of this government or the Liberal party, because they were afraid the Alberta government would be using it for political broadcasting.

Nothing as unreasonable as that has been heard in this house for a long time. The minister knows full well that if the members of the government of Alberta wanted to use CKUA for political broadcasts they would not have applied to the C.B.C. for a commercial licence. He knows that as well as he knows he is sitting here. But he used that as an aspersion, as some form of ridicule, indicating that the reason C.B.C. did not grant CKUA a commercial licence was on the ground it would be used for political broadcasting. That indicates the level at which the minister's mind has been working in connection with this thing ever since the application was first made by the department of telephones of the government of Alberta back in 1941.

I say to the minister and the C.B.C. that their action in this case has been reprehensible and cannot be justified by any stretch of the imagination. Moreover, it indicates the truth of what I said, that the policy of the government in connection with the C.B.C. is most contradictory.

There is one other thing I wanted to mention in connection with C.B.C. activities, and I intend to deal with this by way of questions to the minister in connection with some of the programs which have been sent over C.B.C. The first question I wanted to ask the minister was whether he is aware that intensive ideological warfare is going on today and has been going on around us for quite some time in the past, conducted very largely by those who are dedicated to the task of imposing communism upon the people of the earth, those in Canada included, by force if necessary but probably and preferably by ideological and propaganda methods. I wanted to get the minister's answer on that. Is he aware of that ideological warfare in which we are engaged? If he prefers not to answer now, if he would like to wait, it is all right with me. I wish he would make a note of my questions, because I am going to pursue them and get an answer even if it takes until next week.

The second question is this. Does the minister not know that the C.B.C. radio and television services have been used in the not too distant past and doubtless are still being used from time to time by diabolically clever subversive agencies in this ideological warfare, and that government money, that is taxpayers' money, is being made available to pay the very persons who are attempting to destroy the Canadian people and take away their freedom? Is he not aware of that? If not, I shall draw to his attention some things he should know.

Mr. McCann: I can answer that. I am not aware of that. It is not my duty as liaison minister between the C.B.C. and parliament to give an opinion as to what type of programs is carried. I presume that everybody in Canada knows something more or less of the ideological warfare that is going on. That is going on all over the democratic world, in Canada as much as any place else.

Mr. Low: I am glad to have the minister's reply to that question, but no matter how often he may say that he is not responsible, he is responsible to this house for what goes on in C.B.C. He is responsible for the application of government policy, and must keep himself informed about what is going on. Let me ask him another question which I think will help get us nearer to the point I want to make. Does the minister approve of the use of the taxpayers' money to a very substantial extent by the C.B.C. to state such a patently communist line through radio and television dramas as one entitled "We Shall Not Be Moved", which was produced over the trans-Canada network on Saturday, October 1, 1955, from 8 to 10 p.m.

Mr. McCann: I did not hear the program and cannot express any opinion about it.

Mr. Low: That just indicates how little the minister does know about what is going

on. It is about time he began to inform himself, because things are going on in the C.B.C. that the people of Canada are beginning to resent very much.

Mr. McCann: Does the hon. member think I have nothing to do but to censor the C.B.C.? The hon. member may have time to sit and look at these things on Saturday evenings, but I have not.

Mr. Low: The minister is answerable to parliament for what goes on. The board of governors of the C.B.C. are not answerable to parliament except through the minister. The only way we can get at them is through the minister. While the minister may plead ignorance as to what is going on, let me say to him that he must be answerable to us for what goes on. Let me point out to him something about this extravaganza "We Shall Not Be Moved" about which he does not seem to know but about which he should know. Perhaps we can help him get the answer.

As I say, this was put out over the C.B.C. network on Saturday, October 1, 1955. It took two solid hours of the best time of the day and there was not even one single break to give the usual announcements.

Mr. McCann: Did you listen to it for two hours?

Mr. Low: No, but I have a report of the facts. Let me go further. This play was built around Elizabeth Gurley Flynn, who is a Smith act criminal in jail in the United States because of her activities under that act. Does the minister not know that this was picked up by the C.B.C.? How, nobody seems to know, but I am going to try to find out during the course of my questioning. This extravaganza must have cost the taxpayers of this country a large amount of money. It attracted tremendous attention from the communist press the world over. I have in my hand a photostatic copy of page 7 of the *Daily People's World,* which is the communist organ of the western United States. They say in great headlines:

Joe Hill, Gurley Flynn vividly depicted in Canada radio show.

I want to read a few extracts from this communist report of what happened on Saturday, October 1 and what the C.B.C. did to advance the cause of communism. This is a special to the *Daily People's World* from Toronto and reads:

The Canadian Broadcasting Co. made radio history October 1 when it presented a two-hour special program "We shall not be moved" in which Elizabeth Gurley Flynn, now jailed as a Smith act victim—

Criminal is the word I used.

—is portrayed as a leading figure.

The program related in story, narration, music, chorus (including a complete rendition of "I Dreamt I Saw Joe Hill Last Night" by Paul Robeson on a recording) the frameup, trial, fight back movement, execution, and Chicago funeral of Joe Hill.

The production took over the best possible broadcasting time—eight to ten p.m. Saturday. There were no interruptions—even the usual station breaks were omitted.

Diana Maddox, Canada's leading actress, played the part of Elizabeth Gurley Flynn; another top star, Hugh McNamara, enacted Joe Hill, and a supporting cast of nearly 100 players and singers, including many of Canada's finest performers, made it brilliant and exciting. Nothing was played down, distorted or withheld out of deference to the state of Utah, the U.S. state department, nor out of fear of reaction in either country.

Then, after telling about the outstanding artists who were gathered together, more than 100 of them, to put on this extravaganza, this is what the article in this communist newspaper winds up with:

Perhaps someone has made a recording of this program as was done with the play "The Investigator" from the same network. It would be a smash hit.

Just commenting briefly on that recording of the program "The Investigator", the C.B.C. did it and made available the recordings of "The Investigator", another communist play. After it was played all over Canada, then it was made available to the communists, who were playing it all over Europe. The Canadian taxpayers' money made that available. It played right into the hands of the communists and their ideological warfare, helping the communists to mash the brains of the Canadian people with their propaganda. The worst part of it is that the people had to dig up the money out of their own pockets to pay for it.

It is time the minister looked into it to find out what it is all about. If he does not know now, let him get busy and try to find out and bring somebody to task. I say that this sort of thing, which is so welcomed by the communists the world over, is serious enough that the minister ought to track down who it was that made available the time and the facilities of the C.B.C. network to bring that drama to the Canadian people. He ought to fire him, and fire him soon; and not only that, but take steps to see that it does not happen again. What has he done? That is the question.

I was interested to note, too, about this same incident that occurred last October, that the Canadian *Tribune,* which is the official organ of the communist party in Canada, on October 10, soon after this extravaganza was played to the Canadian people, said in headlines, "Three Cheers for the C.B.C."

After much adulation of the C.B.C., the *Tribune* went on to say that it is keeping its ears open for similar programs on Canadian themes, and that those who think as it does about it should let the C.B.C. know. I suppose that if the C.B.C. got a few letters calling for more of the same kind of tripe, clever subversive propaganda against established institutions, the silly C.B.C. would say, "There is a substantial section of the Canadian public that wants it, and we are going to give it to them."

I say you had better look inside the C.B.C. to find out those who are selling the Canadian people down the river. You are not doing it. I say to the Prime Minister and the colleagues of the minister here, who says he has no responsibility, that they ought to get someone who is going to take responsibility.

If we are going to continue to operate a government corporation and clothe it with the most extraordinary powers—powers that are so vast and so absolute that the chairman of the board of governors and his officials think they are omnipotent because they have all power, and they exercise it, believe me—then it seems to me that we have to have somebody in this parliament who is ready to stand up and say, "I have informed myself about this thing on behalf of the people; I have gone into it and have discovered that it cost X dollars. I believe that was not right and it should not have been done. We have tracked down the culprits who had infiltrated, doubtless communists themselves, into the system and had induced somebody to give them the facilities of the network."

That is the kind of thing we would have if we had a minister here who was interested and concerned. That is why I asked him, to begin with, these questions. Is he aware of the ideological warfare, the intensive warfare that is going on today? It is a question of survival, and unless we are wise to what is going on we shall not survive. Believe me, if the minister allows this sort of thing to go out over the C.B.C. the people of Canada can just as well point their finger at him and say that he is responsible for selling us down the river.

There is a substantial body of Canadian opinion that says, "We are going to retain our freedom. We are not going to compromise under any circumstances with this red stuff that is going around." The minister may not know it, but it is there, and I am stating a fact tonight.

It looks to me as if we are entitled to some intelligent answers instead of wisecracks from the minister. That sort of thing needs an answer and before I get through my questioning I want to know how much that program cost, who it was that sanctioned it, and why it was that, after much publicity was given to it in the press late last fall, the minister did not do something about it then.

Mr. Blackmore: He did not even find out about it.

Mr. Low: Those are the things we have to do. Since it is eleven o'clock I am going to give the minister a chance to get his C.B.C. people together and find out about it, so he can give us a report in the morning. In the meantime I should like to adjourn the debate.

The Deputy Chairman: Is the hon. member asking me to call it after ten o'clock?

Mr. Low: Yes.

Progress reported.

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

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall continue with these estimates, then take my own, and then the public works supplementaries, though it may be necessary to change that order, having in mind the time of some engagements I have.

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

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

LEGISLATION

The Senate—

The Speaker of the Senate—

198. Allowance in lieu of residence, $3,000.

199. General administration (including share of the former printing of parliament), $533,523.

House of Commons—

The Speaker of the House of Commons—

200. Allowance in lieu of residence, $3,000.

Deputy Speaker of the House of Commons—

201. Allowance in lieu of apartments, $1,500.

202. General administration—estimates of the clerk (including share of the former printing of parliament), $1,555,515.

203. Estimates of the Sergeant-at-Arms, $715,836.

204. Subscriptions to publications of the commonwealth parliamentary association to be distributed to members of the House of Commons, and to provide for the Canadian share of expenses of the commonwealth parliamentary association, $10,000.

205. To provide hereby, notwithstanding anything contained in the Financial Administration Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for the payment out of the consolidated

revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year, $56,000.

206. To provide for an allowance to the deputy chairman of committees, $2,000.

Library of Parliament—

207. General administration, $311,121.

Pensions and other benefits—

208. Pension to the unmarried sister of the late Colonel Harry Baker, M.P., $700.

The Senate—

646. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the Senate who attended the first part of the third session of the twenty-second parliament, which commenced on January 10th, 1956, and ended on March 28th, 1956, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 28, 1956, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during that session, $5,500.

House of Commons—

647. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the House of Commons who attended the first part of the third session of the twenty-second parliament, which commenced on January 10, 1956, and ended on March 28, 1956, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 28, 1956, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the session, $20,000.

648. Grant to the Canadian North Atlantic Treaty Organization Parliamentary Association, $10,000.

DEPARTMENT OF JUSTICE

A—Department—

166. Departmental administration including annual contribution of $200 to the Conference of Commissioners on Uniformity of Legislation in Canada, $513,658.

167. Remission service, including $30,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $186,585.

Supreme Court of Canada—

168. Administration, $174,938.

Exchequer Court of Canada—

169. Administration, $90,670.

Northwest Territories territorial court—

170. Administration, including administration of justice—

Northwest Territories, $81,260.

Yukon territorial court—

171. Administration, including administration of justice—

Yukon Territory, $79,020.

172. Payments of gratuities to the widows or other dependents of judges who die while in office, $20,000.

Combines Investigation Act—

173. Restrictive trade practices commission, $82,330.

174. Office of investigation and research, $441,993.

175. Bankruptcy Act administration, $46,290.

B—Penitentiaries—

176. Administration of the office of the commissioner of penitentiaries, including $50,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $420,953.

177. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries, $9,527,468.

178. Construction, improvements and equipment, $1,566,222.

Royal Canadian Mounted Police—

396. Administration, operation and maintenance, $6,735,362.

Land and air services—

398. Operation and maintenance of divisions, $24,677,749.

399. Construction or acquisition of buildings, works, land and equipment, $3,553,146.

Marine services—

400. Operation and maintenance, $1,394,224.

401. Construction or acquisition of buildings, works, land and equipment, $1,153,760.

402. Grant to the Canadian association of chiefs of police, $500.

403. Grant to the Royal Canadian Mounted Police veteran's association, $300.

Pensions and other benefits—

404. Pensions to families of members of the Mounted Police who have lost their lives while on duty, as detailed in the estimates, $6,439.

405. To authorize payment out of the consolidated revenue fund, during the current and subsequent fiscal years, of a pension to Basil Burke Currie, $685.

406. Government's contribution to the Royal Canadian Mounted Police pension account, $889,881.

A—Department—

639. Remission service—further amount required including authority to pay the members of the committee appointed to advise on principles and procedures relating to the remission service honoraria in such amounts as the treasury board determines but not exceeding in the aggregate $14,000, $26,595.

Exchequer Court of Canada—

640. Administration—further amount required, $3,000.

Northwest Territories territorial court—

641. Administration, including administration of justice—Northwest Territories—further amount required, $7,000.

Yukon territorial court—

642. Administration, including administration of justice—Yukon Territory—further amount required, $5,500.

General—

643. Expenses of the royal commissions on the law of insanity as a defence in criminal cases and on the criminal law relating to criminal sexual psychopaths, $15,000.

B—Penitentiaries—

644. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries—further amount required, $530,645.

645. Construction, improvements and equipment —further amount required, $150,195.

Royal Canadian Mounted Police—

Land and air services—

701. Construction or acquisition of buildings, works, land and equipment—further amount required, $85,000.

Marine services—

702. Construction or acquisition of buildings, works, land and equipment—further amount required, $202,000.

Pensions and other benefits—

703. Government contribution to the Royal Canadian Mounted Police pension account—further amount required, $22,390.

DEPARTMENT OF FISHERIES

Protection branch—

140. Operation and maintenance, $3,288,650.

141. Construction or acquisition of buildings, works, land and equipment, $285,950.

Inspection branch—

142. Operation and maintenance, $1,138,470.

143. Construction or acquisition of buildings, works, land and equipment, $31,615.

Fish culture and development branch—

144. Operation and maintenance, $852,525.

145. Construction or acquisition of buildings, works, land and equipment, $183,800.

146. Consumer branch, $60,150.

147. Fishermen's indemnity plan—administrative expenses, $206,240.

148. To provide for the destruction of harbour and gray seals, $35,000.

Fisheries research board of Canada—

149. Headquarters administration, $135,070.

150. Operation and maintenance, including an amount of $59,500 for contributions towards fisheries research and for scholarships, $2,296,333.

151. Construction or acquisition of buildings, works, land and equipment, $688,805.

152. To provide for federal share of administrative expenses of the Great Lakes fisheries research committee established jointly with the province of Ontario; and to provide for a programme designed to eliminate lampreys in the Great Lakes, $485,000.

International commissions—

153. To provide for Canadian share of expenses of the international fisheries commission appointed under treaty dated March 2, 1953, between Canada and the United States for the preservation of the north Pacific halibut fisheries, $101,800.

154. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission appointed under treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $176,950.

155. To provide for Canadian share of expenses of the international whaling commission, appointed pursuant to the international convention for the regulation of whaling, dated at Washington, December 2, 1946, $2,500.

156. To provide for Canadian share of expenses of the international commission for the northwest Atlantic fisheries appointed pursuant to international conventions for the investigation, protection and conservation of the fisheries of the northwest Atlantic ocean, dated at Washington, February 8, 1949, $12,500.

157. To provide for Canadian share of expenses of the international north Pacific fisheries commission appointed pursuant to the international convention for the high seas fisheries of the north Pacific ocean, dated May 9, 1952, $25,000.

Special—

158. To provide for operation and maintenance of Newfoundland bait service, $274,800.

159. To provide for the extension of educational work in co-operative producing and selling among fishermen, $80,000.

160. To provide for administrative expenses of the fisheries prices support act, $74,740.

161. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council, $200,000.

162. To provide for assistance in the construction of bait freezing and storage facilities, subject to the regulations established by the governor in council, $30,000.

527. To extend the operation of the accounts established pursuant to vote 540 of the Appropriation Act No. 5, 1955, to authorize payments therefrom of refunds of premiums in the current and subsequent fiscal years in accordance with regulations of the governor in council, $1.

627. Industrial development service—further amount required, $478,000.

Field services—

Protection branch—

628. Construction or acquisition of buildings, works, land and equipment—further amount required, $20,860.

Inspection branch—

629. Construction or acquisition of buildings, works, land and equipment—further amount required, $146,420.

Fish culture and development branch—

630. Construction or acquisition of buildings, works, land and equipment—further amount required, $43,700.

Fisheries research board of Canada—

631. Operation and maintenance—further amount required, $137,775.

632. Construction or acquisition of buildings, works, land and equipment—further amount required, $202,500.

International commissions—

633. To provide for Canadian share of expenses of the international great lakes fishery commission appointed pursuant to a convention on great lakes between Canada and the United States, dated at Washington, September 10, 1954, $18,500.

Special—

634. To provide for operation and maintenance of Newfoundland bait service—further amount required, $25,000.

635. To provide for a contribution towards the cost of a public aquarium at Vancouver, British Columbia, in accordance with an agreement entered

into by the Minister of Fisheries, with the approval of the governor in council, whereby adequate facilities are to be made available to the fisheries research board, the total cost to be borne in equal shares by the government of Canada, the government of British Columbia and the city of Vancouver (revote), $17,242.

636. To provide, subject to such terms and conditions as the governor in council prescribes, (a) for payment of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50 per cent of the laid down cost of salt used in their 1956 production, and (b) for payment of assistance in respect of the 1955 production as specified in vote 795 of the Appropriation Act No. 5, 1955, but not previously paid, including authority to charge administrative costs to vote 160 of the main estimates, 1956-57, $582,000.

637. To recoup the lobster trap indemnity account, established under vote 540 of the Appropriation Act No. 5, 1955, to cover the net losses incurred in the operation of the account during the fiscal years 1953-54, 1954-55 and 1955-56, $57,680.

638. To provide, subject to such terms and conditions as the governor in council prescribes, for the destruction of predator dogfish on the Pacific coast at the rate of $10 a ton for whole (round) dogfish up to a total of 30,000 tons during the fiscal year ending March 31, 1957, $300,000.

POST OFFICE DEPARTMENT

324. Departmental administration, $1,596,132.

325. Operations—including salaries and other expenses of staff post office, district office, railway mail service staffs, and supplies, equipment and other items for revenue post offices, also including administration, $81,501,011.

326. Transportation—movement of mail by land, air and water, including administration, $46,388,302.

327. Financial services, including audit of revenue, money order and savings bank business; and postage stamps, $2,567,214.

528. To authorize the operation of a revolving fund in accordance with section 58 of The Financial Administration Act for the purpose of: (a) acquiring and managing material to be used in the manufacture of uniforms and satchels, and (b) acquiring and managing materials and fittings to be used in the manufacture of mail bags, the total amount to be charged to the revolving fund at any time not to exceed $895,000 of which $425,000 was provided under vote 541, Appropriation Act No. 4, 1954, and $270,000 under vote 543, Appropriation Act No. 5, 1955, $200,000.

670. Operations—further amount required, $713,800.

HOUSE OF COMMONS

Tuesday, August 14, 1956

The house met at eleven o'clock.

EXTERNAL AFFAIRS

EGYPT—CANADIAN POSITION RESPECTING SEIZURE OF SUEZ CANAL

On the orders of the day:

Hon. W. Earl Rowe (Acting Leader of the Opposition): In view of the fact that this is probably the last day of the session—

Some hon. Members: Hear, hear.

Mr. Rowe: —and especially in view of the keen concern of the Canadian people generally, I should like to ask the Prime Minister if he would make a statement as to the Canadian position in connection with the serious situation in the Suez canal area.

Right Hon. L. S. St. Laurent (Prime Minister): I do not think there is anything I could say at this moment that would be helpful. There is controversy, as we all know, over the canal and over the manner in which the situation is being handled. I would not like to say anything that would add to the controversial aspects of the discussion taking place.

Mr. Rowe: My only reason for asking is in view of the keen concern of the Canadian people and the conspicuous unconcern of the government.

Mr. St. Laurent (Quebec East): There is no unconcern in the government, but there is nothing I can say here that would lessen the concern of the Canadian people about the gravity of the situation.

NATIONAL DEFENCE

INQUIRY AS TO PROVIDING OF LIVE AMMUNITION AT PUBLIC MILITARY DISPLAYS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of National Defence. Has the inquiry been completed by the department into the unfortunate bazooka explosion at Regina resulting in the death of a local resident? If so, will that report now be made public?

Hon. R. O. Campney (Minister of National Defence): I am not aware that the report has been completed; at least it has not been presented to me. I shall make inquiries.

Mr. Argue: If a report has been received, do I take it then it will be made public?

Mr. Campney: I cannot say that will be done for certain, because reports of boards of inquiry into unfortunate accidents are not usually made public, but I shall be glad to make the salient facts public.

Mr. Argue: I think the results should be made public.

[Later:]

REQUEST FOR DEVELOPMENT OF IDEOLOGICAL OFFENSIVE

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of a report in the New York *Times* that the United States has experts designated and a program under way to educate United States troops in Korea and other areas as to communist methods of ideological warfare, and in view of my request made in this house on June 20, as reported on page 5231 of *Hansard*, that the government enlarge its defence program by adding a great ideological offensive, has the minister yet taken any steps to develop this most important branch of defence?

Hon. R. O. Campney (Minister of National Defence): As far as this department is concerned, the position remains as it was. I have not seen the article to which the hon. member has referred. We have a very broad and extensive scheme of education in the forces, as the hon. member is aware, and it is being continued. The policy I laid down on the defence estimates is being maintained at the present time.

Mr. Low: A supplementary question; will the minister give consideration to inaugurating the kind of educational program I have indicated? Perhaps I could supply him with a copy of the clipping to which I have referred so he can see what I have in mind.

Mr. Campney: I am always glad to give consideration to representations made by hon. members.

REQUEST FOR SETTING UP OF ROYAL COMMISSION

On the orders of the day:

Mr. John B. Hamilton (York West): Mr. Speaker, I should like to direct a question to the Prime Minister. Since the Prime Minister

has turned down repeated requests for the creation of a special committee of the house to investigate the charges of Generals Simonds and Macklin, would he consider the appointment of a royal commission to do so?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, if a royal commission is appointed it will be announced in due course. It has not yet been considered.

Mr. Hamilton (York West): A supplementary question, Mr. Speaker; is the Prime Minister aware that reports of these charges are now being published throughout the foreign press of the world, and that it may seriously affect Canada's position in international affairs?

Mr. St. Laurent (Quebec East): I would not be surprised to learn that anything sensational is being reproduced in the press throughout the world, but I do not think these reports will affect the status of Canada in world opinion.

ATOMIC ENERGY

MEETING OF AMERICAN REPUBLICS TO DISCUSS DEVELOPMENT OF NUCLEAR ELECTRIC POWER

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I wish to direct a question to the Prime Minister. I apologize for not having sent him a copy, but I am quite sure he will be able to answer it now. The Montreal *Gazette* of today's date announces that President Eisenhower has "invited all the American republics to name representatives to an inter-American committee" for "developing nuclear electric power". It does indicate in one place in the report that the invitation was to American republics, but it seems to me it must mean countries. I wondered if the Prime Minister would be able to say whether this inter-American committee would include Canada and, if so, what are the objectives of the inter-American committee?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker. This, I understand, is a meeting that is being called by the president of representatives of the members of the Pan-American union to which Canada is not a party, and that it is to discuss the practical ways of making nuclear or atomic energy available for peaceful purposes. Of course, we have been for many years in close contact with the United States and the United Kingdom in investigating the practical ways of bringing that about, but we have not been invited to this special meeting of representatives of the Pan-American union.

[Mr. Hamilton (York West).]

NATIONAL REVENUE

REQUEST FOR LOWERING OF TARIFF ON METAL STORAGE BINS FOR FARMERS

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Minister of National Revenue of which I have not had a chance to give him notice, but he has a telegram about it. I would like to ask him whether a decision has been reached with regard to the request of a Winnipeg farm equipment distributor, Mr. Shaefer, in connection with the tariff on metal storage bins for farmers. He has asked that the tariff be reduced, and has communicated with the minister in that connection. Has the minister any statement to make now?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I had a communication yesterday from Mr. Shaefer, and the matter is under consideration now between Mr. Shaefer and the deputy minister, Mr. Sim. Mr. Shaefer indicated, following our conversation, that he would communicate with the customs and excise division of the Department of National Revenue. My own opinion on this matter is that under the tariff items as they now stand the article has been properly classified by the departmental officials. However, further consideration is being given to the matter. I have not been in communication with my deputy this morning, but I presume that by this time the matter has been determined one way or the other.

LETHBRIDGE—REFERENCE TO EDITORIAL IN LETHBRIDGE "HERALD" OF AUGUST 8

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to direct a few questions to the Minister of National Revenue, notice of which I have just sent him. Is it a fact that the Lethbridge income tax office has been serving the southeastern British Columbia area, as well as the southern Alberta area? Has the minister read in the Lethbridge *Herald* of August 8 the editorial entitled "Arguments Silly", commenting upon the proposed closing of the Lethbridge income tax office on September 1? When did the minister first have that editorial drawn to his attention? Did he read that editorial then? Did the minister, then, not know yesterday that this editorial set forth almost completely the evidence embodied in the Holberton letter?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I have just been handed the questions asked by the hon.

member for Lethbridge, which the page boy gave to me as I sat down. The first question reads:

Is it a fact that the Lethbridge income tax office has been serving the southeastern British Columbia area, as well as the southern Alberta area?

There may be instances when residents of southeastern British Columbia file in the Lethbridge office; however, they are very, very few. All the people of British Columbia have been served by the taxation office either in Vancouver or in Victoria, and it is for the very reason that this particular district, the Kettle valley, is quite inaccessible and far distant from Vancouver that we contemplate setting up an office in Penticton this present summer or fall.

The second question reads:

Has the minister read in the Lethbridge *Herald* of August 8 the editorial entitled "Arguments Silly", commeting upon the proposed closing of the Lethbridge income tax office on September 1?

The answer is yes; and I think the caption of the editorial "Arguments Silly" applies just as much to the editorial as to the matter that it had under discussion.

The next question reads:

When did the minister first have that editorial drawn to his attention?

The answer is last August 8. The next question reads:

Did he read that editorial then?

The answer is yes. The final question is:

Did not the minister, then, know yesterday that that editorial set forth almost completely the evidence embodied in the Holberton letter?

Yes, I was aware of that fact; but I do not give 100 per cent credence to what was contained in the arguments and the statements of Mr. Holberton.

HOUSE OF COMMONS

INQUIRY AS TO RUMOURS CONCERNING FALL SESSION

On the orders of the day:

Hon. W. Earl Rowe (Acting Leader of the Opposition): Mr. Speaker, in view of the uncertainty in the minds of private members, officials of the house, members of the press gallery and people in the country generally, created by current rumours that there will be another session of parliament before the end of the year, would the Prime Minister advise the house whether or not there will be and what is the intention of the government concerning another session of parliament before the end of 1956?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there has been no consideration given to the date for the opening of the next session of parliament.

[*Later:*]

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I should like to ask a question supplementary to that asked the Prime Minister by the hon. member for Dufferin-Simcoe. Will the Prime Minister assure the house that there will be another session of parliament before the next election?

Mr. St. Laurent (Quebec East): No, I will not give any assurance at all. A decision will be made in the light of circumstances as they develop, and when decisions are made they will be announced. I am not going to make any commitment in advance. I remember one occasion when a commitment was made by my predecessor, and I do not wish to put myself in the embarrassing position in which he found himself as a result of that commitment.

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I should like to ask the Prime Minister whether he has discussed with his colleagues the approximate starting date of the next session of this house and, if so, whether he can inform us accordingly.

Mr. St. Laurent (Quebec East): Mr. Speaker, what I discuss with my colleagues is confidential. When there is anything to be announced about those discussions the announcement will be made.

Mr. Hamilton (Notre Dame de Grace): Is there anything to be announced now about your discussions?

Mr. St. Laurent (Quebec East): No.

REQUEST FOR ONE WEEK'S EXTRA PAY FOR TEMPORARY STAFF

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to address a question to the Minister of Finance. Has the minister any announcement to make with regard to the request that the staff of the House of Commons be given an extra week's pay as a bonus?

Hon. W. E. Harris (Minister of Finance): No. I had assumed that we would be going on for a few days yet and I would have time to come to a conclusion about it.

GRAIN

WHEAT—DELIVERY QUOTAS AT VULCAN, ALBERTA

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. It has been drawn to my attention that the community of Vulcan, Alberta, is on an extremely low quota for wheat deliveries, I think 4 bushels.

There is another crop coming off within a few weeks now. May I ask the minister if he will look into that particular situation with a view to increasing the quota in that district?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, it is my understanding that every point in western Canada was on at least a 5-bushel quota at the end of the crop year. However, the situation is now that all quotas have expired and Vulcan is on the same quota as everyone else. It has this advantage, that forwarding arrangements at that point are outstanding for an 8-bushel quota, and those forwarding arrangements will be filled as rapidly as possible. Of course future deliveries will count on the new quota rather than on the old quota. However, I shall look into the situation, and if there is any improvement needed I will ask the board to take care of it.

AIR TRANSPORT

ALLEGED USE OF R.C.A.F. PLANE IN 1953 ELECTION CAMPAIGN

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, two weeks ago I promised the Minister of National Defence that I would produce particulars of cabinet ministers flying around in government planes to take part in the last federal election. I find now that I cannot produce the photographs I had in mind because the defeated Liberal candidate in the last election bought up all the pictures and also the negatives. Will it be government policy during the next general election to have cabinet ministers flying around at public expense?

Right Hon. L. S. St. Laurent (Prime Minister): That has never been government policy.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL REVENUE

Canadian Broadcasting Corporation—

54. To provide for the requirements of the sound broadcasting service (to amount formerly authorized by chap. 32, R.S.), $6,250,000.

Mr. Low: Mr. Chairman, I should like for just a moment or two to continue with the questions I had started to ask the minister last evening. That will give him time to get his officials down here, and then he can go to work on them and give me the information which I asked for last night and which I shall continue to ask for today.

[Mr. Hansell.]

Before the minister does take over, I should like to give him just one or two further bits of information which he should have about this incident that occurred on October 1, 1955. On that Saturday evening the Canadian Broadcasting Corporation network carried a drama for one hour 55 minutes. It was a sound production, not a television production, as has been indicated this morning by the minister. The title of the drama was "We Shall Not be Moved." I said last night that this was a communist play. It was communist-inspired; it was communist in every way. The line it followed was communist.

I asked the minister to hunt up the information about it and provide the committee with that information, because here we are being asked to vote many millions of dollars of the taxpayers' money to the C.B.C., and I said I was speaking for a large group of Canadian people who valued their freedom, people who resented very much having to dig up nearly $2 billion of tax money to fight the communists in the military field and at the same time were being asked to dig up more tax money for the purpose of poisoning themselves, distributing communist propaganda over the government-owned radio. It is just ridiculous under the circumstances that this should be the case, but it is.

Let me give the committee a little more information which I have put together since last evening. I am not going to repeat what I said last night. I want to draw attention to the fact that when this drama was presented the communist press in this country, in the United States and in other places in the world gloated over it. They were full of adulation for the Canadian Broadcasting Corporation and what it had done. I quoted from communist newspapers last evening to indicate how they had received this play. Furthermore the *Tribune*, the Canadian communist weekly, on October 17, 1955, carried a letter evidently written by one of their editorial writers to Elizabeth Gurley Flynn, part of which was in these terms:

> You were not in your cell—
>
> Referring to Elizabeth Gurley Flynn.
>
> —Saturday evening, October 1. You travelled across the Canadian border. You were in many Canadian homes.

There is no question that Elizabeth Gurley Flynn had travelled across the border, and in that very poignant C.B.C. portrayal she was in thousands of Canadian homes, working as hard as she possibly could be made to work through outstanding Canadian artists to influence the Canadian people along the communist line.

On October 10 this same Canadian *Tribune*, the official communist publication in Canada, carried a three-column headline, "Three Cheers for the C.B.C.", and in the body of the article under the headline these paragraphs were found:

A new and welcome note was struck on C.B.C. The program drew no parallels to trials of today, but the likeness could hardly be missed. Especially poignant was the role of Elizabeth Flynn, a close friend to Joe Hill, and the original of his song, "The Rebel Girl". Today the same class persecution has imprisoned Elizabeth Gurley Flynn under the Smith act for her part in the fight for the rights of the American people, as Joe Hill was in 1915. For the excellence of this program all concerned must be congratulated. John Reeves, the producer, deserves special applause. He struck a new vein for Canadian radio to work, and it is a rich one.

Let me emphasize that.

John Reeves, the producer, deserves special applause—

By the communists.

He struck a new vein for Canadian radio to work, and it is a rich one.

For whom? Not the Canadian people; the communists. That is why they applaud it. Then it goes on:

We're keeping our ears open for similar programs on Canadian themes. And if you think as we do, why not let us and the C.B.C. know about it?

In those words I quoted last, Mr. Chairman, the Canadian communists took the C.B.C. into partnership and indicated that there was some understanding somewhere by which this nefarious, subversive program would be beamed to the Canadian people, and Elizabeth Gurley Flynn brought into the homes of the Canadian people over the C.B.C. network.

Let me just mention for a moment the build-up this received. It was not just by accident that this thing came about. It was not a spur of the moment decision to portray this great extravaganza that included more than 100 top Canadian artists. It had been played up for weeks in the C.B.C. *Times*. I have the *Times* with me. The first notice came in the issue covering the period from September 18 to September 24, and on the front page I read these words:

Next week comes the final "Focus" show; the period has been extended for the occasion by 30 minutes to make time for a mammoth historical drama which has been prepared by producer John Reeves.

A mammoth historical drama prepared by John Reeves, and the time extended to almost two hours. Then the C.B.C. *Times* for the period from September 25 to October 1 carried this two column build-up on page 3 under the title, "We shall Not be Moved". It has this to say:

A two-hour drama feature by John Reeves brings the "Focus" season to an end. "Focus" concludes on October 1, to make way for the winter hockey broadcasts. . . .

This is the part:

For the last program of the series C.B.C. trans-Canada is allotting an extra half hour and the program will extend from 9.05-11.00 p.m. Hitherto most of the programs have included two, three, or even four features, usually linked by some kind of thematic connection, but on this occasion the program will consist of one large feature only, "We Shall Not be Moved". It is a new play by John Reeves, who has served as co-ordinator of "Focus" throughout its run. "We Shall Not be Moved" is a story taken from real life.

That is significant for the committee, Mr. Chairman, it is a story taken from real life.

It concerns the trial and conviction many years ago, in the United States, of a man who was charged with a murder which, in all likelihood, he did not commit.

Notice the clever subversiveness of that; "which in all likelihood he did not commit." The courts said he committed it. The courts gave him a fair trial. He was convicted and his appeals were heard and his sentence was carried out, a sentence of death for murder.

Mr. Winch: Are you talking about Joe Hill?

Mr. Low: Yes, Joe Hill.

Mr. Winch: You are not fit to lick his boots.

Mr. Low: My hon. friend naturally, being a communist, would say that here. Let me point out what this article which is speaking of this communist play says:

Listeners will have a chance to make up their minds for themselves about his guilt, for all the important evidence will be presented as part of the play.

You see what the purpose is, how they are creeping up on the Canadian people and what they are saying to them. We want you, the public, to be the judges. Throw the verdict of the courts out, and you be the judges. You will be able to tell from what we portray in a drama.

The Chairman: Order. I am sorry to interrupt the hon. member, but I am obliged to advise him his time has expired.

Mr. Winch: On a point of privilege, Mr. Chairman. I did not interrupt the hon. member while he was speaking, but I must ask that he be asked to withdraw the statement that I am a communist. Sir, I believe in the democratic principles; I am a democratic socialist, and I imagine I am one of the bitterest foes of communism in this country or throughout the world. I must ask him to withdraw that statement.

Mr. Low: I would not like to leave anything on the record that would impute untrue motives. I will ask, at the same time that I

withdraw unequivocally, that the hon. member withdraw what he said about me. If he has any decency in him he will do it.

The Chairman: I did not hear the remarks to which the hon. member is referring.

Mr. Winch: If the hon. member is referring to the fact that I thought Joe Hill was a martyr to the trade union movement and the fact that I did not think he was fit to lick his boots—is that what the hon. member wants me to withdraw?

Mr. Low: Yes.

Mr. Winch: That I will gladly withdraw, and stand on the record of the trade union movement.

Mr. McCann: May I at this time reply very briefly to the comments of the hon. member for Peace River. I have read very carefully the debate of last evening in which he asked certain questions. Some of them I answered during the course of the debate and others I shall attempt to answer this morning. Let me say at the outset that I am as much against communism as anybody in this house or as any loyal Canadian. Apparently there are communists everywhere, and they infiltrate into organizations of government as well as into places of industry. Evidently there appear to be communists in this house, because I heard the hon. gentleman a minute ago accusing the hon. member for Vancouver East of being a communist.

Mr. Low: That is off the record now, Mr. Chairman.

Mr. McCann: It is off the record, but it was said.

The Chairman: The remark has been withdrawn, and I think the incident should remain closed.

Mr. McCann: My understanding was that it was a kind of left-handed withdrawal.

Mr. Low: No, Mr. Chairman, that is quite unfair. On a question of privilege, I may say that I withdrew unequivocally and it was not left-handed. I am not like the minister; I do not do things in a left-handed manner.

Mr. McCann: I am sorry, but I did not hear the discussion. The Chairman indicated that he did not hear it, either. Sometimes it is quite difficult to hear accurately up in this corner of the house what is being said over there.

As reported at page 7553 of *Hansard* for August 13, 1956 the hon. member said:

> The second question is this. Does the minister not know that the C.B.C. radio and television services have been used in the not too distant past and doubtless are still being used from time to time by diabolically clever subversive agencies in this ideological warfare, and that government money, that is taxpayers' money, is being made available to pay the very persons who are attempting to destroy the Canadian people and take away their freedom?

I regret that just as much as the hon. member does. I want to say with reference to the play, "We Shall not be Moved", which was given on October 1, 1955, I was asked last night if I had listened to it and I said no, that I had not. I recall now that on October 1 I was not in Canada at all. I was in New York with the hon. member for Cape Breton South attending a meeting of the United Nations, so it was impossible for me to hear it. I am informed that the play was about the trial and execution of Joe Hill, a labour leader prominent in the I.W.W. movement before the first world war, and was based largely on the actual evidence and documentary material. The corporation tells me that the play was chosen entirely for its dramatic value. Upon a review of it afterwards it was felt the choice had not been a wise one, since the play did recreate some of the agitation and bitterness relating to the I.W.W. movement.

Another question was asked as to the out of pocket expenses for the play. They were $3,500. When I introduced these estimates on Friday, July 27, I made most of the points which I considered useful for their consideration in the house. There are, however, one or two questions on which I should comment, although I recognize that others might equally well be dealt with.

In his second speech on these estimates last night the hon. member for Peace River attempted to make an issue of the fact that a commercial licence has not been granted to station CKUA in Edmonton. This question has been fully explored in the committee of this house on radio broadcasting, and is not a matter for C.B.C. decision. The decision rests entirely with the licensing authority, which is the radio division of the Department of Transport. In 1946 Right Hon. C. D. Howe informed the house that the policy of the government was not to issue commercial broadcasting licences to other governments or agencies of governments.

With reference to the former matter, I wish to bring before the committee the fact that the C.B.C. produces in a year 70,000 programs. It is not possible, despite the exercise of the best judgment that can be taken in these matters, to avoid errors in judgment. I regret as much as the hon. member does this particular feature. I do not think it was a good thing, and the C.B.C. does not think it was good. Because of the fact that it was criticized in the house we

will certainly be, that is the C.B.C. and myself, on guard to see that such a thing does not recur again.

At this time I do not want to take up too much of the time of the committee. We are in a hurry to get along with the balance of these estimates. If there are further questions I shall be glad to answer them. There is one thing I feel rather badly about. Last night the hon. gentleman accused me of making wisecracks. That is not my policy at any time. I consider that as a reflection, unfair and more or less an insult. While I may be curt in my answers in this house, I attempt to answer questions as accurately as possible and in most instances as briefly as I can.

Mr. Nesbitt: I have one brief question to ask the minister and a brief suggestion to make. The question is, is it the intention of the C.B.C. to allow the advertising of liquor over C.B.C. networks, either television or radio, in the future? I ask this question because I have had a great many letters sent to me on the subject, and I should like to satisfy my constituents one way or the other.

Mr. McCann: This depends very much, Mr. Chairman, upon the provincial acts. In provinces where liquor advertising is allowed we do, in some instances, allow what we call spot announcements.

Mr. Nesbitt: I have a few questions for the Minister of National Revenue, and a suggestion to make to him. I have had, as I suppose all hon. members in the house have had, letters from my constituents from time to time asking me to bring things forward. The one matter that I have received more letters about than anything else, or any other two or three matters put together, is the question of a proposed $15 annual tax on television sets.

It is my understanding, Mr. Chairman, that a suggestion that this might be necessary at some time in the future was made by Mr. Dunton of the C.B.C. I realize that the government has not announced any such intention at all, but the idea has been put forth and a great many people in the country seem to feel that it is the intention of the C.B.C. to do this. The matter ought to be cleared up now, if at all possible, because the general gist of the objection to such a proposal has been that it would be a tax that would hit the people in the lowest income brackets and one which they could least afford to pay, particularly in view of the fact that there is already a special 15 per cent excise tax on television sets when they are sold, and that any annual $15 tax would be highly objectionable particularly as the very great percentage of people to whom I have spoken on this matter, and others, are not entirely in sympathy with either the Canadian Broadcasting Corporation or its programs.

Can the minister give us some little enlightenment on this? I think it might clear up something that is causing great concern in the minds of a very large section of the public.

Mr. McCann: Mr. Chairman, that opinion prevails, I think, because of the fact that there is too little reading and too much loose thinking about these matters. The C.B.C., when they made their presentation before the Fowler commission, did not at any time propose a $15 fee. They did indicate it would take the proceeds of the $15 fee on the 2 million television receiving sets to bring in the aggregate amount that would be sufficient, along with the other taxes there are in existence, to finance the C.B.C. That was only an opinion, and it is one of the reasons the Fowler commission is sitting at the present time. One of the particular points they were asked to consider in the terms of reference was the matter of finance.

I have no doubt when they make their report they will come up with some suggestions. I have no idea what they will be, but the C.B.C. positively did not indicate to the commission that there should be a fee of $15 per set.

Mr. Nesbitt: One more question and I am finished. Does the minister himself think there should be a tax of this kind on television sets?

Mr. McCann: That is one of the questions on which the minister does not think out loud.

Mr. Gillis: Mr. Chairman, I listened with a great deal of attention to the hon. member for Peace River. He gave an expression of opinion as to how he viewed a certain program on the C.B.C. In his answer the minister seemed to indicate that he thought the C.B.C. may have made a mistake in putting on that program. Well, now, this is a question that I feel pretty keenly about, because I know the story of Joe Hill. I sat in union halls in this country when I was a pretty small boy and sang that song. Joe Hill was one of the early American martyrs in the establishment of unionism. I read the story of his trial, and I am convinced that Joe Hill was not guilty of the crime he was supposed to have committed.

The hon. member for Peace River interprets the program as a great piece of communist propaganda deliberately fostered by the C.B.C. I am convinced that you will always find what you are looking for. If

you are looking for mud you look down and you see it; if you are looking for stars you look up and you see them. My interpretation of that play would be this. First, the Joe Hill incident took place before there was a communist party, but the communists are smart in fastening on to anything that has propaganda value.

My view of that program would be that during the period in which the Joe Hill incident took place, certain maladministrations of justice could be perpetrated. People were not allowed freedom of speech; they were not allowed to organize and, as a result, Joe Hill was one of the people who sacrificed his life in order that freedom, the right to organize and democracy in industry should take place. Today in the United States the things he visualized have become legal. It is not possible today in any part of the civilized world to commit what I think was a miscarriage of justice on the same grounds that it was committed at that time. One has only to look back and compare the conditions of those days with progress at the present time.

The communists are very adept at picking up that story and incident which set out injustices in a certain country at a certain time, putting them on the end of a stick and waving it about trying to kid the public that is the situation today. That is not the situation today. They do all kinds of these things. For example, they took the song "The Red Flag". That is not a Russian song. That song was written by a Glasgow Scotsman. It was the song of the labour movement in Europe for a good many years before there was a communist party. The same is true of "The International". This is another song they picked up and took unto themselves. It came out of the French revolution.

The story of Joe Hill is just another example of the C.B.C. wanting to give a real dramatized story of that period and the development of the labour movement. They put on that story for the benefit of the Canadian people. The communist press picked it up and played it up and created in the minds of certain people the interpretation the hon. member for Peace River puts on it. Anyone who understands the background of that particular story will realize that this action on the part of the communists is just another commie trick. They pick up something that is popular at this time, particularly among those who are engaged in the labour movement. The song "Joe Hill" is still sung in congress labour conventions. I have heard it in this province many times within the last few years, and it will always be one of the main theme songs of the labour movement in North America. I look upon the action of the C.B.C. in bringing it up to date and dramatizing it as a gesture toward the organized labour movement in North America.

It is all a matter of opinion. For example, I can listen for an hour or so to a dramatization of the days of Shakespeare, but I do not connect it with feudalism. I can listen to the persecution and death of Socrates. I have sat and listened to that and shuddered through it. I did not construe it as propaganda, and I did not look upon it as an attempt to try to induce the Canadian people to accept the customs, conditions and methods of justice that existed at that time.

I just wanted to say that because, as far as I am concerned, the Joe Hill story which was dramatized is an old story to me and to anyone who came through the rank and file of the labour movement. While the hon. member for Peace River has every right to place any interpretation he likes on it—that is the way he sees it—yet I am telling him now that as far as I am concerned, and I think I am speaking for the organized labour movement of North America, we look upon that play, dramatized in Canada, as a gesture toward the labour movement, pointing out conditions, circumstances and injustices that existed at that time when people were trying to set the pattern of organization across the continent of North America. They will see it as a story of progress measured against that time to what it is today.

I just wanted to say that, Mr. Chairman, because I do not want the minister to back up on this kind of thing. I think the C.B.C. were right in picking it up and using it as propaganda for themselves, the communists are just repeating their old tactics.

Mr. Low: Mr. Chairman, I am going to reply first to what was said by my friend the hon. member for Cape Breton South, whose sincerity I do not doubt in any way. There is one thing he overlooked and it is the key to this whole story. He completely neglected to deal with it. I was not complaining about the portrayal of the Joe Hill story at all. What I am complaining about is that the C.B.C. producer went out of his way to link the Joe Hill story of 1915 with a very recent conviction in the United States of a communist conspirator, Elizabeth Gurley Flynn. The whole story revolves around the letters that were written by Joe Hill to Elizabeth Gurley Flynn in his adulation of her as a rebel girl.

Let me just inform the hon. member and others who may be interested that Elizabeth Gurley Flynn is one of the leaders of the communist conspiracy to overthrow the government of the United States by force. She

was convicted under the Smith act and is serving a term in jail for her subversion and conspiracy.

Here is something else my hon. friend has forgotten or perhaps did not know, but it is time he and others did know this fact. The current propaganda line of the communists is to portray in the most dramatic form possible the convicted subverters of the communist party as champions of the peoples' rights and victims of class persecution. They use this propaganda for the purpose of trying to destroy any anti-communist security measures that might be taken by governments, and also to work on the sympathies of the masses of the people in such a way that those communist subversive agents who have been convicted and are in jail will soon be turned loose. That is what they are after.

They portrayed Joe Hill and Elizabeth Gurley Flynn as victims of a frame-up; that was the line. That was the purpose of the play. That is what the people got out of the play and that is exactly what I am complaining against. They portrayed them as victims of frame-ups the purpose being, of course, to make the public believe that communist conspiracy and subversion are mere figments of the imagination and not realities; and I am afraid my hon. friend has fallen for the line. I tell you, Mr. Chairman, it is far more serious than any acceptance of the mere portrayal of the life of a trade union leader.

I say, Mr. Chairman, that the selection of this play was not just a matter of a lapse of taste or mistaken taste. Considering the build-up this play had and considering the fact that the Joe Hill story was linked up with Elizabeth Gurley Flynn, a subversive communist agent, who was convicted under the laws of the United States, I certainly cannot believe that this was a mere mistake in judgment. Somebody in the C.B.C. deliberately chose that subject and wrote it up for the purpose of putting over the communist line and using the C.B.C. network to do so.

The minister said it was chosen exclusively for its dramatic substance. May I also point out to my hon. friend the minister that this is the communist way of doing things, too. Does the minister not know that today the communists everywhere are dressing up their propaganda and subversive ideas in the most attractive and alluring way, giving them the most beautiful dresses and sending them out to the people expecting them to be swallowed whole because they do contain some beautiful thoughts?

Let me point out to the minister that I hold in my hand two marvelous magazines that are published by the red Chinese government. These magazines are delightful to behold; they are dressed up in a most attractive way. The printing is beautiful, the paper is of a very high quality, and the magazines are full of lovely illustrations. One of these is called "People's China", building up the communist regime in China and spreading it over this country. Why would they spend all that money? Why would they secure the finest artists and the finest printers in the world and employ them in the production of these wonderful magazines to send to Canada?

This is done in order to convince us that the red Chinese government is a humanitarian regime that does nothing but give the people the results they want from the management of their affairs. The other magazine is called "China Reconstructed". I hold it in my hand; look at it. There are some beautiful thoughts in this magazine, and some wonderful poetry. Does the minister say that the C.B.C. would be justified in buying up these magazines with the taxpayers' money simply because they are beautiful, and sending them out to propagandize the Canadian people? That is exactly what he is saying.

The minister spoke concerning the matter of costs and indicated that there was an out of pocket cost for this production of $3,500. Does that mean, Mr. Chairman, that this figure includes the network costs and the artists' charges and the production costs and producers' fees and the 100 people involved and all that sort of thing?

Mr. McCann: Everything.

Mr. Low: Would the C.B.C. allow anyone else to have two hours of time over the entire network for the sum of $3,500? That is absolutely ridiculous. I would not be surprised if $3,500 represented the fees paid to the artists and so on but that certainly does not include the network costs for two hours. The minister cannot make me believe that. In this case again we received a left-handed answer. I want the facts about it. I want to know not only the out of pocket costs paid by the C.B.C. to the artists, musicians, the producer and properties for that play, but I also want to know what the network costs were and that would give us the whole picture.

I am not going to go any further, Mr. Chairman, at this time, but I am relying on what the minister told me just a few minutes ago. I took it from what he said that he will use his influence and his responsibility as the minister concerned with the C.B.C. to see to it that nothing like this happens again. He has to be watchful, because I remind him that not so long before this great dramatic

production was put over the air there was another one called "The Investigator" which was written by Reuben Ship, a deported United States communist who came into this country, picked up with the C.B.C. and wrote "The Investigator" as a satire ridiculing the methods of uncovering communist conspiracy. Not only was it put over the C.B.C. in Canada, but tape recordings were made of it so that it could be spread abroad throughout the world. I think the minister should give the house an unequivocal undertaking that he will use his responsibility as minister to see that some monitor service is set up. I get my information but not by listening personally to everything, as I have not the time to do that. It is easy to get a monitoring service to keep you informed. I say to the C.B.C., through the minister, that they had better get their gloves off and go to work with these infiltrators. If they can infiltrate once and cause a serious mistake of this kind, they can do it again. They should clean out the whole mess, because it is a mess.

Mr. Hansell: Mr. Chairman, I usually give an annual speech on this item, and I do not think I should allow this session to be an exception to that rule. I have been a member of the radio committee of parliament for many years, whenever that committee has been set up. I want to say a few words again this session and to pick up a loose end or two.

We are happy, I am sure, to learn from the minister that discussions of this kind will put him as well as the C.B.C. on guard. I am going to take that for what it is worth. For how many years do we have to keep hammering and hammering on these things in order to have the minister and the C.B.C. be on guard? Surely they have known for years, by reason of discussions in this house, that there is resentment toward that type of program.

The minister said they produce 70,000 programs a year and there is bound to be the odd one which people do not like or which slips through their fingers unnoticed. Neither the minister nor the C.B.C. can hide behind statistics of 70,000 programs a year. That would amount to about 200 programs a day and there are not 200 programs of this kind a day, by any means. You cannot hide behind statistics in order to escape responsibility of this kind; not on your life.

As a matter of fact, it is not the odd one that slips through their fingers. As my leader has said, these things do not slip through their fingers. We have seen the build-up this program was given in the C.B.C. *Times* for more than one issue. That thing did not slip through their fingers; it was a deliberate attempt to put over a piece of communist propaganda in the softening up process of the Canadian people to receive communism should it ever come. Make no mistake about that. With what the hon. member for Cape Breton South has said with regard to the cleverness of the communists I agree. They are clever; but surely we have clever men in our country, and surely there are clever men in the C.B.C. The clever men in the C.B.C., whether they are top officials, writers or anything like that, never go for that sort of stuff unless they are tarred with the same brush.

It is not only this program, it is a variety of things. There is the talks department, for instance. You can go all through the system and find the same thing happening. Some months ago a gentleman came to me and asked me if I had heard a certain program. I told him I had not, but he went on to tell me that that program ridiculed the Senate of Canada. He described the program as depicting the Senate as being a bunch of doddering old men who did not know where they were going, with a lot of gravy on their vests or something of that sort.

An hon. Member: A lot of gravy, anyway.

Mr. Hansell: Surely these programs should attempt to solidify our parliamentary institutions, not to ridicule the Senate. Over the years the socialists in this country have been advocating the abolition of the Senate. The program followed the line; there is no other answer. These people want to break down established institutions.

Mr. Blackmore: Particularly British institutions.

Mr. Hansell: Then they talk about balance and so forth, but what do they mean by balance? Balance between what? There is no balance between right and wrong. There is only one thing; that is, right. Of course I know what they will say, "Right as you see it." It is right as our free democratic concept dictates. That is what it is. The communist conception is wrong. That is all there is to it. If we have a governmental institution as powerful as the C.B.C. it should be used to help solidify our parliamentary institutions and our free democratic concepts, to exalt and portray our concepts in the best possible light, to exalt the crown. I say the crown because appointment to the Senate is a prerogative of the crown. That was another program.

If they are conscientious about it, if we are to rely upon the little bit of repentance we heard this morning from the mouth of the minister, let them go the whole hog and

say to these writers, producers and others: We have no use for you; never again will you be employed by us; never again will you produce a play for us; never again will we accept a manuscript from you. Fire them all. Fire those who are responsible for letting this slip through their fingers.

There should be a complete housecleaning. I am speaking now off the cuff and from my own convictions, but I fancy that if Social Crediters should get into power we would retain the C.B.C. It has a useful function to perform, but that useful function is not to destroy Canada by playing into the hands of those who would eventually take control. That is what these things will do. Every country in Europe or Asia that has fallen to communism without the firing of a shot has done so after a softening up process in order that it might be acceptable when it came. Of course that cannot be done unless there is propaganda. There is no more powerful propaganda machine in Canada than the Canadian Broadcasting Corporation, with its regulatory and monopolistic authority over sound and television broadcasting.

I want to deal with another point, the financial angle of this thing. I have been an advocate for a good many years of putting the Canadian Broadcasting Corporation on the same basis as the independent stations and saying, "Now, get your revenues the same as they do, and operate without coming back on the taxpayers." Of course that may be an extreme view, because we know that the Canadian Broadcasting Corporation has expenses that ordinarily an independent group of broadcasting stations may not have, but I do say this. They spend money like drunken sailors when there is no need to spend it. I say that conscientiously.

I could give you one or two instances, and I think there are a good many more. They have all the C.B.C. foreign correspondents in these various countries. There is not a thing those correspondents can get that the ordinary news services of the world do not give us. The other night over television—and I am not criticizing these programs—Larry Henderson said in the closing moments of the program, "Now, ladies and gentlemen, I must hurry away and catch a plane to Egypt, and there I will talk with you and give you on the scene news" or something to that effect.

That costs money. When Larry Henderson gets over there I do not know whether or not he will get an audience with Nasser, but he cannot do any more than the newsmen who are there right on the spot. Yet we have spent money on getting this man over there, together with any technicians or equipment that might be necessary. I do not know what is involved, but you cannot do that sort of thing without spending a good deal of money. When you tune in to commentators in the various countries, I suppose it has a psychological effect to know that we are listening to someone away over there, but it is of no more actual value to Canada than getting it from the press wires of the various international news services that are at our disposal.

There is another thing about spending money. Of course it has grown to such proportions now that perhaps they do not want to retrench, but there are many C.B.C. stations for which we have no need. We have no more need for the C.B.C. station at Lacombe, Alberta, than a dog has need of fleas. The whole province is covered by radio without the C.B.C. The same applies to Winnipeg, Vancouver, Watrous, and other stations. The independent stations will do that job. You could close all C.B.C. stations and, as far as the listening public are concerned, they would get just as much for a lot less money.

Take the news services. I am not saying they should be cut out altogether; I would not go that far. As a matter of fact, if I had my choice I would choose the C.B.C. national news bulletin. It is a good broadcast, well put over. I will say, too, that if there is any balance as between political parties, perhaps there is an element there, more so perhaps than in other cases. It is objective, and I compliment them on it. But as far as the Canadian people getting news is concerned, they do not get any more news by reason of C.B.C. news service than they would get by the independent stations putting out news, which goes on almost every hour of the day.

I am talking about the spending of money. As far as the talks department is concerned, you could wipe it right out and Canada would be just as well off. As far as many of their productions are concerned, let me say this. It is useless for the C.B.C. to think it can compete with Hollywood; it cannot, and that is all there is to it. They run around looking for something to produce, something that is new. You cannot compete with that high-class Hollywood stuff. They could save a good deal of money there.

The other day I saw a program on television in regard to the Canada medal. I am not going to criticize it too harshly, but I am telling you that it was obvious to anyone with any perception at all that the program was produced by intent. It was not a chance program with a man going along the street with a microphone, stopping someone and

asking, "What do you think of the Canada medal?" and their saying, "I think so and so should get the Canada medal." If that was not concocted I will eat my hat right on the floor of this chamber, because when you approach so many people on the street with a microphone, somebody on that program is going to stumble. There was not one who stumbled when asked, "You have heard of the Canada medal; who do you think should get it?"

Ninety per cent of the people of Canada have never heard of the Canada medal, and the program started out that way. The question brought up by an hon. member here in the Conservative party, and a debate took place in the house; but I do not think it was such an outstanding debate. But here were these people who were asked, "Who do you think should get the Canada medal?" Of course they had to bring in the Prime Minister. Naturally if I were producing the program I would too. They brought in the Secretary of State for External Affairs and said he should get the medal. I suppose if I were producing the program I would have done the same thing. There was another gentleman who was asked, "Who do you think should get it?" He spoke in rather broken English and said, "I think M. J. Coldwell should get the Canada Medal"—

Mr. Gillis: Hear, hear.

Mr. Hansell:—because he has done more for the social services of Canada than anybody else of Canada dot I know of." What tommyrot. The hon. member for Rosetown-Biggar has not done a single, solitary thing; he has not been in a position to do anything. He may have gone out stumping and talking about it, but so have all of us. It is just another line; it was stuck in there on purpose.

Mr. Gillis: You are suspicious.

Mr. Hansell: Perhaps I am suspicious. Perhaps it pays to be suspicious. I think I have an ordinary amount of common sense.

Mr. Argue: There is nothing wrong with broken English.

Mr. Hansell: I do not think I have any more than average common sense, but I have enough common sense to detect something. When you are sitting by a television set or listening to a radio without the annoyances and interferences that might come from some other place, you can perceive things and detect things that you could not otherwise do. They may fool a lot of people, but they were not fooling Hansell on that program.

[Mr. Hansell.]

There are many of these things that could be cut out and it would save money, and Canada and the Canadian people would be just as far ahead. They could cut out the international short wave services, and the Canadian people and Canada as a nation would be just as far ahead.

Mr. Blackmore: So would the foreign peoples.

Mr. Hansell: So would those in other countries. I am simply saying that the C.B.C. are always after money. I think they should be given a reasonable amount, by reason of the fact that they operate a little differently and are trying to give a service which perhaps another independent corporation could not do; but it is about time we were considering the taxpayer in the matter of revenues going to the C.B.C. and being spent for things that I do not believe are necessary in the interests of this country.

I have looked through the estimates just in passing, and I find that it costs more to run the C.B.C. than it does to run the Department of Northern Affairs and National Resources. It costs more to run the C.B.C. than it does to run the whole Department of Citizenship and Immigration. It costs nearly as much to run the C.B.C. as it does to run the Department of External Affairs. It costs four times as much to run the C.B.C. as it does to run the Department of Fisheries. It costs more to run the C.B.C. than it does to run the Department of Justice. It costs more to run the C.B.C. than it does to run the Department of Mines and Technical Surveys. It costs more to run the C.B.C. than the whole R.C.M.P. force of Canada. It costs more to run the C.B.C. than it does to run the department of the Secretary of State. It costs more to run the C.B.C. than it does the Department of Trade and Commerce. It costs more to run the C.B.C. than it does to run the Department of Defence Production, including the crown corporations coming under its administration.

It is about time the people of Canada knew one or two of these things. It is no wonder we get a little bit provoked when we see the taxpayers called upon to foot the bill for the kind of stuff against which my leader has warned the government. Let it be remembered that we are going to continue to hammer at this thing until our voice is heard and until some notice is taken of what we say. I know the minister is not a communist. I know he is not, but let him come clean; let the government come clean, and tell this country that this sort of thing is going to stop from now on. That is the best way, and I am going to tell you that in doing so they will receive the support of the thinking

public of Canada. Of course they will. They will be admired for the step they take.

We are going to hammer at this thing and hammer at it. I certainly like to look at the stars but I am going to watch the mud beneath my feet when I step. That is all there is to it. I shall stop there, Mr. Chairman, but this will not be the last word I will have to say as the years go by.

Mr. Barnett: Mr. Chairman, like the hon. member for Macleod I like to keep an eye on the mud at my feet, but I do not like to put my face right down into it. I think my colleague the member for Cape Breton South dealt very gently with what was said by the hon. member for Peace River.

Mr. Blackmore: He did not say anything very bad. Don't go building up a mythology. Get his words in *Hansard*.

Mr. Barnett: I must say that as I sat here last night and listened to the speech made by the member for Peace River I was really shocked to my very roots that it was possible that anybody in this parliament should get up and make a speech like the one he made. I can only conclude that the leader of the Social Credit party, who usually is quite a smiling and urbane individual, was a victim of his own inflamed imagination, and I think the remarks he made amply demonstrated that that was the case.

He admitted during the course of the discussion last night that he had not heard the particular production, "We Shall Not be Moved", to which he referred at some length. I have not heard it either, so that makes us even. But he did say when the minister asked a question: "No, but I have a report of the facts". Then the hon. member proceeded at great length to outline the facts he said he had. I listened to him very carefully, and all the facts that he produced were facts that he had gleaned from some communist publication which he had been reading.

I did not believe the hon. member for Peace River was as gullible as that. Over the years I have seen a number of communist publications in this country, and I have some experience and understanding of the fact that you do not take everything you read in a communist publication at its face value, which the member for Peace River obviously was doing last night when speaking to the house. Therefore, Mr. Chairman, that is why I have to say that I came to the conclusion that the member was a victim of his own inflamed imagination, and I think that also applies to some of the things that have just been put on the record by the hon. member for Macleod.

The hon. member for Cape Breton South did put some of the facts on the record with respect to Joe Hill, and I am not going to repeat them. I shall simply say that as far as I am concerned, I, along with a lot of other working people in the country, regard him as one of the early martyrs of the labour movement. Certainly the fact that the communist party may be attempting to make something of it in this day and age is not going to alter the thinking of responsible citizens of this country today.

However, it was not the comments the hon. member made with respect to this particular program that disturbed me so much. As far as I am concerned he is perfectly free to express his agreement or disagreement or his like or dislike of any program that is put on the air by the C.B.C. The thing that does disturb me is the fact that the hon. member, according to his own thinking, seems to consider that the Canadian people should have the right to look only at the kind of programs that he would like to see. That is what disturbs me, that a member of this parliament should get up and advocate that sort of thing in what we consider to be a free parliament.

Mr. Low: Mr. Chairman—

Mr. Barnett: The only conclusion I can come to—

Mr. Low: —on a question of privilege—

Mr. Barnett: —is that what the member is really driving at, and we see in his remarks the true colours and thinking of his party—

Mr. Blackmore: Do some more lying.

Mr. Barnett: —is that he is advocating that we should have in Canada some form of thought control.

The Deputy Chairman: The hon. member for Peace River has risen on a question of privilege.

Mr. Low: Here again we have an example of the disregard for the rights of members of this house that has so often been portrayed here. My question of privilege is this. The hon. member says that in my speech last night I indicated definitely that the only programs I wanted to have on the C.B.C. were those that I wanted to see. Mr. Chairman, that is an absolute, unqualified lie. I never at any time said anything of the kind, and I challenge the member to go to the words of my speech. So it will help him I shall hand to him now the *Hansard* containing those words, and I challenge him to quote one single sentence that would indicate the truth of what he has just now said.

The Deputy Chairman: Order. I think the hon. member for Peace River was not really rising on a question of privilege. He was rising on the same sort of personal explanation that we have had so often this session. I think it has been generally decided that the proper time to make such corrections is when the member who has the floor has taken his seat. It is perfectly obviously that time after time one member will misinterpret the intent of the remarks made by another, but unless that misinterpretation includes something in the nature of an accusation it is my opinion that the proper time to correct it is at the conclusion of the speech made by the hon. member who has the floor.

But the expression worrying me at the moment is the expression just used by the hon. member for Peace River, which I think could give rise to a question of privilege. If my memory serves me right, he said that the statement made by the hon. member for Comox-Alberni was an absolute lie.

It is, I think, the established practice in this house that a member may say a statement made by a member in debate is untrue; that it is unfounded; that the conclusions are wrong and so forth. But it is my impression that the direct accusation by one member of another that he is a liar or that a statement made is an absolute lie has been taken by this house as implying a deliberate intent to impute a falsehood.

So, while I think the hon. member for Peace River is undoubtedly correct in straightening out any misinterpretation there may have been of the remarks he made, I am going to ask the hon. member now to make it clear that he was not accusing the hon. member for Comox-Alberni of uttering a deliberate lie. I think it is necessary for me to ask the hon. member for Peace River to make that clear.

Mr. Low: I certainly do not wish to be out of order. I do not wish to accuse the hon. member for Comox-Alberni of being a liar. I wanted to point out what he said was an unqualified misrepresentation of the facts.

Mr. Barnett: I think the record will show that what I intended to say was that the inference I had drawn from the remarks made by the hon. member last night was that, in effect, he was advocating a form of thought control. I do not expect the member will necessarily agree with the inference I have drawn. If he wishes to argue that my inference is wrongly drawn I am quite prepared to have him do that. I was merely stating that was the inference that I had drawn from his remarks last night. If my conclusions are incorrect—

Mr. Low: They are absolutely incorrect. What I am fighting against is thought control.

Mr. Barnett: —he can argue that. I think there is a good deal of ground for the inference.

Mr. Low: I challenge the hon. member—

Some hon. Members: Order.

Mr. Barnett: I did not take the trouble to go through every word of what was put in the record last night.

I should like to go back to the main point which I was attempting to make, and that is that I do not quarrel with the hon. member for disapproving of that certain program. I have seen lots of programs on the C.B.C. that made me froth at the mouth, but I never had the feeling the C.B.C. should not be allowed to put on those programs. There may be other people, perhaps the hon. member for Peace River or the hon. member for Macleod, who may enjoy those plays. That is not the issue at stake in the discussion we have had.

I have listened to a number of these discussions in which the members of the Social Credit group and in some cases the members of the Conservative group have participated. This is the first time I have ever had anything to say about it. I think the crux of this matter was very well summed up in the plea which the hon. member for Peace River and the hon. member for Macleod were making to the minister this morning. The hon. member for Peace River two or three times urged the Minister of National Revenue to use his responsibility as a minister to see that the C.B.C. did such and such. I do not think the members of the Social Credit group quite realize what they are saying when they make that remark. What they are, in effect, advocating is that the government of this country should take unto itself the power to dictate what the Canadian people shall or shall not listen to.

Mr. Low: That is what they are doing now.

Mr. Barnett: As I understand it, that is the complete negation of the whole concept of setting up the C.B.C. So far as I am concerned I would fight, as long as I am a member of this house or a Canadian citizen, against turning over to one minister of the crown the responsibility for stating what I may listen to. So far as I am concerned, Mr. Chairman, that would be the beginning of a fascist state in this country, and that is something I am against.

It seemed to me rather peculiar to hear an hon. member interject at one point in the discussion this morning, "particularly

British institutions". If there is one thing which, in my opinion, is typified by that term "British institutions" it is the right of free speech; the right of the people of the country to express opinions and to listen to opinions free from the dictates of any governmental authority. So far as I am concerned, one of the main bulwarks of the tradition of British institutions in this country over a period of a good many years has been the Canadian Broadcasting Corporation, set up as it is, as something separate and apart from any control by the government of the day. So far as I am concerned, Mr. Chairman, that is something for which I am going to continue to fight and continue to advocate. If the hon. member for Macleod wants to oppose me on any platform in Canada on that question I shall be willing to take him on any day.

I do not think many people in Canada are going to fall for the line of propaganda whis was given to us this morning about the C.B.C. by the hon. member for Macleod. I do not think the majority of the Canadian people are that gullible, nor are the majority of the Canadian people prepared to submit tamely to a form of thought control. The hon. member for Macleod I thought made it very clear during his speech, when he used the phrase, "if we retain the C.B.C.", just what would happen to the C.B.C. if they gained power.

Mr. Hansell: The hon. member had better read that again. I said that no doubt if we ever were in power we would retain the C.B.C.

Mr. Argue: You have the "if" in the right place this time.

Mr. Barnett: I tried to get those words down and I believe the hon. member said, "if we retain the C.B.C.", and then he proceeded to qualify it at some length. He said he was only expressing his own view. I think the hon. member doubts whether he would get very much support from the people of this country if he went out directly advocating the abolition of the C.B.C. The hon. member can check the record of his speech on that point.

In any event, I think the discussion that was led last night by the hon. member for Peace River has clearly indicated that there is a trend of thought in this country today which is very dangerous. There is a trend of thought advocated by these people which, if allowed to spread, would strike at the very roots of our British institutions, of our free parliamentary traditions, of our right to free speech and our right to have a broadcasting agency across this country which belongs to the Canadian people and not to any particular group of individuals or any particular government that may be in power from time to time. I think I have said about enough to indicate to the members of the Social Credit group that I do not fully agree with the remarks they have been making on this subject.

But before I sit down I should like to add that I appreciate the fact that the Minister of National Revenue has consistently refused to be drawn into a compromising position in respect to his relationship with the C.B.C., even though there has been a good deal of provocation thrown in his direction. So far as I am concerned, as long as the minister forms the liaison, as he says, between the Canadian Broadcasting Corporation and this house and maintains that position, I have not too much concern that the Canadian Broadcasting Corporation is going to be subverted to the will of the government.

Mr. Monteith: I shall be very brief. I was going to say a few words, but I think I shall limit my remarks to the form of questions. Evidence was given in the radio committee last session to the effect that the bookkeeping system was still on a cash basis, although the accrual and commitment bases were being studied. It was also indicated that P. S. Ross and Sons were being consulted as to the adequacy of the system. I wonder whether the minister can enlighten the committee a little on that situation?

Mr. McCann: Mr. Chairman, the royal commission is looking into this matter, and probably it is not one that it would be well to discuss here. We have the report of the Auditor General, and he says:

> The accounts and the financial statements of the Canadian Broadcasting Corporation have been examined and a set of the financial statements is attached.

It goes on to give figures, and then he says:

> In compliance with the requirements of section 87 of the Financial Administration Act I report that, in my opinion—

Subject to certain comments that he made.

> —(a) proper books of account have been kept by the corporation;
>
> (b) the financial statements of the corporation
>
> (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
>
> (ii) in the case of the balance sheet, give a true and fair view of the state of the corporation's affairs as at the end of the financial year, and
>
> (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the corporation for the financial year; and
>
> (c) the transactions of the corporation that have come under my notice have been within the

powers of the corporation under the Financial Administration Act and any other act applicable to the corporation.

Mr. Monteith: I have read the Auditor General's report, and it is identical with what has been presented by him in former years. He has had some qualifying clauses in addition in other years which are omitted this year, but I would like to know whether more detail has been actually received from P. S. Ross and Sons, or suggestions by them for improvement of the bookkeeping system of the C.B.C.?

Mr. McCann: I am informed that the financial investigators of the Fowler commission are going into this matter very thoroughly, and I presume it is not likely that we shall have a report on that particular phase until the general report is given when they have completed their investigations.

Mr. Monteith: I am quite willing to wait until the Fowler commission has reported. However, I ask, has there been any change whatsoever from the cash system which had been in vogue for so many years, or are they still completely on a cash basis?

Mr. McCann: I am informed that there have been some gradual changes made up to date, and that finally they will get to the system where there will be a combination of both the cash method of accounting and the accrual method.

Mr. Hansell: I have just this remark. We in this corner of the house, the Social Credit party, believe in and are very conscientious in respect of our free way of life. All we have done is to attempt to defend it and to get rid of the elements in the Canadian Broadcasting Corporation that would destroy it. Those who have taken part in the debate this morning and have opposed us are the members of the C.C.F., the socialists of this country, who have defended those elements in the Canadian Broadcasting Corporation. That in itself speaks volumes.

I have a story in my scrapbook somewhere, Mr. Chairman, of Daniel Webster, who was pleading a case in one of the United States courts. It happened that the decision would hinge on a wagon wheel. Daniel Webster's opponent went into all the technical arguments to try to prove that this wheel was not the actual wheel involved. He had measurements made of the spokes, the hub, the rim and the diameter. He went into all the technical arguments trying to destroy the evidence that this was the wheel. Daniel Webster rose; he turned to the jury and said, "Gentlemen of the jury, there is the wheel; look at it".

An hon. Member: Did he win the case?

[Mr. McCann.]

Mr. Hansell: The story says he won the case. All I am saying is, we have attempted to defend our free concept of life and get rid of these elements. Our socialist boys have protected those elements. In the voice of Daniel Webster I say to you, Mr. Chairman, and to the people of Canada, just look at it.

Mr. Gillis: Mr. Chairman, all I have to say in answer to the hon. member for Macleod is that we rest our case with the Canadian people; let them take a look at it.

Mr. Blackmore: Mr. Chairman, I have listened with considerable interest to the discussion of our C.C.F. friends. What I would say it amounts to is an attempt—I hope I am not using too strong words—to cast reflection on the hon. member for Peace River and build up a mythology which would indicate with crocodile tears that this "horrible man declaimed against the trade unions", because he mentioned Joe Hill. The important thing is that the hon. member for Peace River says he did not even mention Joe Hill. The important thing is, if these men are so much in love with Joe Hill—and I have nothing either for or against Joe Hill, because I had never heard of the gentleman before—if they hold him in such adoration, and I am not questioning their right in so doing, certainly I would imagine that they themselves would be somewhat angry about a play which connected Joe Hill with a convicted criminal under the Smith act in the United States. How can you cast greater reflection on Joe Hill than by doing that very thing?

The hon. member for Peace River points out to me that this is what he said. "This play was built around Elizabeth Gurley Flynn, who is a Smith act criminal in jail in the United States because of her activities under the act". Does the minister not know that this was picked up by the C.B.C., how, nobody seems to know; but I am going to try to prove it during the course of my questions. This extravaganza must have cost the taxpayers of this country a large amount of money. It attracted tremendous attention from the communist press the world over.

I have in my hand a photostatic copy of page 7 of the *Daily People's World* which the communists circulate in the western United States. They say in great headlines, "Joe Hill, Gurley Flynn vividly depicted in Canada radio show". According to what the hon. member for Peace River says, that is the only mention he made of Joe Hill.

Now, imagine the attitude of a man who sees a thing like that and gets up on the floor of this house and endeavours to build up a story which he knows his constituents

will read, and will never have a chance to read the words of the member for Peace River. Just imagine that! If I were to call that absolute dishonesty probably I would be a little bit out of order. I cannot at the moment think what to call it, but it certainly is not what you would call honourable behaviour on the floor of this house.

I have followed the activities of the C.B.C. with great interest for several years. I have spoken out against programs which have appeared on the C.B.C. during the past two years or more, because, being a school teacher with 21 years of experience, I know the kind of influence which can be exerted on young minds by very subtle and veiled remarks. It has to be borne in mind that the people who are going to listen to our C.B.C. programs are mainly young minds.

Two years ago I pointed out that although I may have taught my children very carefully the fallacies of evolution, they might listen to a play in which evolution was built up without my knowing they had done this and without my having a chance to answer the arguments. My children could therefore be subtly indoctrinated in the fallacies of evolution, and could begin to lose their faith. I have no desire to prevent all sides of a story being heard, but since the hon. member from Comox-Alberni endeavoured to make such a story of the whole matter, indicating that he wanted free speech so that every side of a matter could be heard, I shall just mention one little thing first. I propose to speak at some length on this matter because I think it is just about as important a matter as any we have ever had before us, and indeed it may very well be the most important. I am not going to attempt to limit my remarks simply because of the fact that we are nearing the end of the session.

Some hon. Members: Oh, oh.

Mr. Blackmore: If you compare the number of words that have been spoken in this house during this session by members of the C.C.F. and Conservative parties with the total number of words spoken by the Social Crediters you will find that we have been very restrained and moderate in our use of the time of this house. If we choose to use some time now in order to put our point of view and beliefs before the country at what is perhaps the most critical time in the history of Canada and the British empire, I think we are completely justified.

The hon. member for Comox-Alberni spoke about having free speech. I have in my possession a list of speakers who have been indoctrinating the people of Canada with the communist line over the C.B.C. and have been speaking against the British empire, which kind of speaking is a part of the communist line. This list must consist of 65 or 70 speakers. The minister in his innocence thought an occasional communist might have slipped in, but he will be astounded when he conducts a thorough examination and finds many speakers have made pro-communist speeches over the C.B.C.

After listening to the C.B.C. for some period of time I wonder whether or not we should be quite honest with the Canadian people and advise them that this is no longer the Canadian Broadcasting Corporation but rather it is the communist broadcasting corporation, so that people who listen to what goes over the air will be on their guard.

Mr. Low: It would still be the C.B.C.

Mr. Blackmore: Yes, that is right. Let us just get some of the facts that are worth having. According to the records I have there have been four great anti-communist speakers who have been called on to perform over the C.B.C. These men are Dr. Watson Kirkconnell, William Rowan, Jack Brayley and Leonard Shapiro. The last speech Dr. Watson Kirkconnell gave was on January 18, 1955. Since that time this man has not been called on to speak over the C.B.C., according to my records. Why? Because on that occasion he gave us a smashing talk against communism, and he is a man who knows all about communism. No wonder he was not heard again over the communist broadcasting corporation.

You can listen to the C.B.C any week, and almost every day somewhere or other someone sneaks in a little insinuation that suggests the pro-communist line. I do not wish to take too much time before one o'clock in dealing with this matter, but I would like to give one example in order that the people may give some thought to some of the things that have been said. I am going back over several years, because the speaker I have in mind, although he is an inveterate and continuous offender, is still employed by the C.B.C. On February 22, 1953, this particular man encouraged the breaking up of the British empire, using these words:

> It has been a marvellous story, the British empire. But it could not last forever.

That is very subtle, is it not? It suggests the breaking up of the British empire, which is one of the major objectives of the communist organization. Karl Marx when he founded communism said, "In order for me to put across and establish the ideas I have in mind I must destroy two institutions, the British commonwealth and the Christian church" and so everything that is anti-Christian and anti-British empire at the

present moment follows right along the communist line. See how skilfully this was done. Anyone listening to that program would begin to doubt regarding the British empire and might say, "Where are we going to turn? Shall Canada separate herself from the British commonwealth?"

The Deputy Chairman: Order. It being one o'clock I do leave the chair.

Mr. Harris: As I indicated last night, Mr. Chairman, there are certain public engagements that have to be kept today. I would suggest it would perhaps be as convenient an arrangement as any if we could continue until two o'clock and then have our lunch hour from two o'clock until 3.30. I think we could get through our business better.

The Deputy Chairman: Is that agreeable to the committee?

Some hon. Members: Agreed.

Mr. Deputy Chairman: Is it agreeable that this debate continue and the committee shall rise at two o'clock for lunch, resuming at 3.30 p.m.?

Some hon. Members: Agreed.

Mr. Blackmore: Here is another remark made by the same commentator, and I am not going to reveal his name at the moment. On May 2, 1954, he said:

> Perhaps the most important event in recent centuries—except the development of the new weapons is the emergence of China out of her long pacific sleep and sloth, into a mood of dyamism, revolution and expansionism. And now here was this new China on the world stage at Geneva.

Could a man in a few brief words build up more strongly in favour of red China than this man did? He did not stop to say that before these red robbers came into China with Russian and United States help, Chiang Kai-shek was establishing a great nation in China, that he had had to throw back the Japanese from 1931 on and had had to fight the Russians during most of that time. He did not tell us that Chiang Kai-shek was a great reformer following Dr. Sun Yat-sen in his heroic effort to throw out the Manchu dynasty and throw out people like the British, French and Americans, who had a strong influence in China, rendering it almost impossible for the man who ruled China to really rule the country because of the influence of these foreign peoples.

He did not say a word about that. He referred to the fact that this was the first time China had shaken off her sloth, and he mentioned the revolution. What happened in China was not a revolution, in the main; rather it was a conquest by Russia. I know there are many people who think that just is not so, but it is so. All those who know the facts know it is so. I find it close to impossible to get people to read books like "The Iron Curtain over America", by Dr. John Beaty, and "The China Story" by Freda Utley and other books that actually have the facts. The people are being influenced by men who say just this kind of thing. The people are never told about China; that Stalin stalked China for 21 years, and then with the aid of a United States administration under the control of communists he finally was able to cause Chiang Kai-shek to withdraw to Formosa. They never tell these things.

I ask why these things are not brought out. Why do we always have things like I have quoted which give a wrong and distorted view concerning the whole matter? That is the point. The hon. member for Comox-Alberni says the people have a right to hear every side. Of course they have, but the point is that they do not hear every side. The C.B.C. sees that they do not. That is where the trouble lies. And what is the result of propaganda like this? When it goes on for months and months it gradually indoctrinates, particularly our youth, with false ideas.

Now let us refer to the British empire. I ask the minister to examine into what the C.B.C. has done in that regard. I ask him to tell the committee of one program which has been put out over the air during the past year which has built up the British empire, just one. Oh, no; we never get anything like that, not at all. In connection with Cyprus we are told that the British are oppressing the Cyprus people, that they will not let the Cypriots have self-determination. But this dishonest rascal never takes the trouble to remind the people that Stalin never paid any attention to the right of people to self-determination; not at all. Did the people in the Balkans have the right to vote to determine their own destiny? Can you see any way in which they will ever get it unless we with the help of the Lord can thrash Russia and force them to give these people their freedom? Did they ever have a vote? No. Did red China ever have a vote, even the vote of one man to say whether or not this would be a people's government? Not at all. We do learn that when Chiang Kai-shek withdrew there were 150 million loyal Chinese right behind him ready to die for him. How about the right of those people to self-determination? All down the west border and all down the south border these people were to be found.

I have put before the committee in brief some of the considerations which we have to bear in mind. I could go on and run through a whole list of things that were more than just subtle. All we have to have is just one

remark like that in a very fine speech, and what do the listeners get? They get the one remark which sows the seed of doubt and anxiety because they never get the facts. I have spoken in various places, and I have not found one single person who knew the facts about communist and nationalist China and about Chiang Kai-shek.

I think I have said enough to deal with the remarks of the hon. member for Comox-Alberni. Of course my remarks here will never be put into the hands of his constituents. His remarks will be there with all the reflections he can throw into his words against Social Credit, with no attempt whatsoever to make a correct appraisal.

There are several things I wanted to put before the committee, but I shall make this remark. I do not believe there is a well informed person in the Dominion of Canada who is not filled with dread that we are going to lose the war against Russia. I doubt if there are very many people in the United States who are not filled with dread, and who, as the hon. member for Peace River said last night, do not realize that their very existence is at stake. Can we afford to have an organization like the C.B.C. constantly and incessantly indoctrinating our people in an effort to win supporters for the Kremlin? Can we afford to have that when already our position is almost desperate.

Everybody realizes that if war comes the first thing we do is prevent people from saying anything that would be comforting to the enemy. It is considered a serious offence for a man to say things which are comforting to the enemy. Is not this cold war a war? Can we afford to have the C.B.C. with speakers on the air giving comfort incessantly to the enemy with never a word of protest? There will be some who will think my words are extravagant, but do not think for a minute that I cannot back up every single thing I am saying. I have the evidence right here, almost volumes of it.

Wherein lies the source of the trouble? Generally people do not realize what is the communist line. Anything that is said, such as what the minister of external affairs said here on the floor of the house in January, 1955, that we ought to neutralize Formosa, falls within that category. The average person would not think that was offering comfort to the enemy, but if we lost Formosa or if Formosa went out from our control and into the hands of the enemy we would immediately be in a position where it would be utterly impossible to defend the west coast of North America. We would be doing just exactly what Russia wants done, because the whole object of this propaganda to have China recognized and allowed to come into the United Nations is to make stronger red China's claim to Formosa, so China can get Formosa which means that Russia will have Formosa. That must never be allowed to happen.

I am going to speak in a little more extended way with a little more documentation. I do not want to be unfair to the minister, because I know he has an almost impossible task to find out just what is going over C.B.C., but I am telling the minister he has to assume that task. The minister cannot listen to all these programs but he can have them monitored by a competent person and the truth given to him. But let me suggest that when that is done it not be done by any graduate of the London school of economics.

Somebody will say, "Why be so hard on the London school of economics?" I shall give some reasons. Men will be horrified to know that the Rockefeller interests, the people who own Standard Oil, are subsidizing the London school of economics with the definite object of having them use all their efforts to destroy the British commonwealth and empire.

Some people will say that sounds ridiculous. I know it does; the truth always does. But here is the evidence right here. I have a book here the author of which, E. M. Josephson, judging from the quotations and the way he goes about is, is a master of the subject. He does not need any recommendations except the way he writes this book "Rockefeller Internationalist, the man who misrules the world". Yet he positively declares in this book, copyrighted in 1952, just what I have said. This is serious; it is more than serious.

I say to the minister, be sure you get men who are loyal to Canada, loyal to the British crown and loyal to the union jack, and do not trust a mother's son who is not and has not proved himself, because we cannot take any chances now. Many of the programs that go over the C.B.C. go into the United States and help to indoctrinate the people there, just as did the play to which the hon. member for Peace River referred.

The first thing, I think, that we have to ask ourselves in respect of the C.B.C. is this. I do not intend to imply what the hon. member for Comox-Alberni considers as controlling men's minds, with all the evil connotations that go into that expression. Let me ask him if he does not think the C.B.C. is controlling men's minds today, considering the things I have brought up here. How can he say that a government that is resisting evil tendencies in the C.B.C. to keep false doctrine from coming to the people is controlling thought? If we take a man up when a war is declared

and put him in jail because he comforts the enemy, we are not seeking to control thought, not in the evil way the hon. member suggests but in a common sense way. Is that not correct? The hon. member would not favour allowing people to run around the country giving comfort to the enemy in war, because he knows the existence of the state would be at stake then.

Let us ask now, concerning this C.B.C., what have Canadians a right to expect of the C.B.C. for which they pay with their hard-earned money, those tax dollars they can so ill spare? Have the Canadians a right to expect the C.B.C. to be an agency working for Canadianism rather than communism? I shall ask the hon. member for Comox-Alberni that. For democracy rather than anti-democracy? I ask him that. For Christianity rather than anti-Christianity?

While we are on this matter of Christianity, in the time I have known the C.B.C. I have not heard a sermon put on by the C.B.C. or a talk put on by the C.B.C. that would give anybody any faith in Christianity, and I have heard plenty that would do the opposite. I have not heard a speech, for example, in which the man talking to the Canadian people has said that there is in the library of parliament a book called "The Bible is True" by Sir Charles Marston, published in 1934, or "The Bible Comes Alive", by the same man, published in 1937. The set of arguments that man Marston adduces is utterly unanswerable in establishing the truth of the Bible. I have never heard anyone, again for example, say over the air that there is a book called "The Origin of Mankind" published in 1935 by Sir Ambrose Fleming, who was the leading scientist of his time. This book brings forth arguments against the evolution theory that no man on earth can answer. We never hear anything like that which would cause people to believe in Christianity instead of all the false evolutionist doctrines that we hear.

I think I have conveyed fairly clearly the kind of thing I have in mind. People ask, "Have you any right to indoctrinate people with Christianity?" I answer, "Has Brock Chisholm any right to broadcast over the air destroying people's faith as much as words can possibly destroy it? Has he any right to do that?" The C.B.C. thinks he has. What a lot of inadequates they are. This all just indicates either that, or that they are tools who are obediently working for the communist objectives of destruction of Christianity and destruction of the British empire. That is all; it is just as simple as that.

Have Canadians the right to tell the C.B.C. what they want the C.B.C. to be, or must Canadians permit the C.B.C. to tell Canadians what the C.B.C. wants Canadians to be, as they do today? Which does the Liberal party want? I know enough of the Liberal party to know that the great majority of its members are loyal, sincere, true men who do not want subversive doctrines. Which does the cabinet want? Which does the minister want? I had drafted that question before the minister made his fine statement here today.

I greatly appreciate the minister making the statement that he made today, that he does not want communism, and I know he does not want anti-Christianity, coming over the air waves in this country. I do not believe he wants anti-British doctrine, because certainly he realizes that if the individual units of the British commonwealth hold together, having the economic strength they could have if they used imperial preferences and the pound sterling; if they all pull together, each contributing its full share as they could do, the British empire is going to be a power that the Russian communist conspiracy would not dare even to look in the eye. I think the minister realizes that; I am sure he does as a responsible man, individually. Then why allow the C.B.C. to do things which would disrupt the British commonwealth and make us feel cool toward the Queen and Britain?

I ask this question. Is it the government's desire that the British commonwealth be disintegrated and destroyed? The C.B.C. would make one think that is what is desired. Does the government believe the Canadian people desire that the British empire be disintegrated and destroyed? The C.B.C. would make one think that is what they thought.

Does the government believe that the Canadian people ought to be indoctrinated with the desire that the British commonwealth be disintegrated and destroyed? That is what the C.B.C. seems to think. Does the minister believe the C.B.C. management desires that the British empire be disintegrated and destroyed? I do not suppose he is in a position to know, but I suggest it is high time that he found out by just as stern and rigid a screening process as he can possibly put into operation.

Does the minister know that the disintegration of the British empire is one of the two major primary objectives of the world communist conspiracy, and has been, ever since Karl Marx declared that in order for him to attain his objectives, the British empire and Christianity would have to be destroyed? Would the minister suspect that the C.B.C. management would employ or continue to employ speakers who definitely appeared to be seeking to indoctrinate the

Canadian people with the idea that the British empire and commonwealth is to be, and ought to be, disintegrated and destroyed?

The Deputy Chairman: Order. I am sorry to interrupt the hon. member, but I must advise him that his time has expired.

Mr. Nowlan: Mr. Chairman, I should like to take about two minutes of the time of the committee to deal with this matter. Certainly no one questions the sincerity of the speaker who has just addressed the committee but I, like himself, have listened to the radio. In fact I am one of those few people, I presume, who do not have a television set and who therefore appreciate radio all the more. I listen to it as carefully, I think, as do most Canadians, and I think I have some appreciation and am in a position to indulge in criticism of the programs which the C.B.C. carries.

There is no doubt, as hon. members have said this morning, that certain programs can be criticized and have been criticized, and probably justifiably so. But I think that criticism has gone to the extreme limit when we have the suggestion here that the C.B.C. apparently is an organization for the propagation of communism in this country. Certainly if it is I would suggest to the minister that he close up shop immediately, because I cannot imagine where more money has been spent to less effect than has been spent on that organization. I do not think communism has gained a tremendous foothold in this country. If the C.B.C. is busy propagating it, certainly it is a terrible thing; but I personally cannot accept that it has been a source for the propagation of communism.

More than that, if the propagation is done by subtle hints, such as the last speaker says —and I do not question for a moment that undoubtedly there have been subtle hints to that effect—and if subtle hints are going to affect the Canadian population, then either one of two things is true. Either we have a race of morons who are going to be unduly influenced by these subtle hints and there is not much good in saving them from communism anyway, and we do not believe that, or we have not much faith in our own way of life. I think our way of life is such that it can withstand subtle hints which undoubtedly emanate from time to time from the C.B.C. and also from some private radio stations. I have heard private stations sometimes using spokesmen who have engaged in propaganda of which I did not approve; nevertheless I think you have to have a balanced distribution of views if you are going to carry on a radio system at all in this country.

In so far as the position of the commonwealth and the empire is concerned, and I am sure I am second to no one in the house in my allegiance in that regard, I do recall the broadcasts every Christmas which I think tend to bring the commonwealth and empire together. I can recall the death of our late sovereign and the three days of programs carried at that time. I can recall the royal marriage.

Coming to more secular programs, the hon. member asked if anyone could name one program this year meaning, I presume, the last 12 months, certainly not 1956, which would help towards building or establishing commonwealth or empire sentiment. I want to commend the C.B.C. for one little program that my wife and I listened to last spring. I do not imagine it was a very expensive one. It was really mostly reading, although I do not know the mechanics and I presume there were actors in the background. It was a recreation of the book "The Reason Why". I think the program was spread over 12 Sunday nights, or it may have been Wednesdays; I have forgotten which. It was one of the finest things I have ever heard done on the radio. I think the C.B.C. certainly deserves credit for it and I would hope that there would be many more like it.

It was not entirely laudatory of the empire. I know it dealt very harshly with my own native country, Ireland, and the Irishmen who starved to death at the time of the potato famine. Nevertheless the picture created of the British army in the Crimean peninsula, starting back in Ireland, coming up through the purchase of commissions and finally ending with the charge of the light brigade, and the simple unaffected manner in which it was done, were something which I, in my own home by my own fireside, would not have missed for anything. I believe my wife and I missed one out of the 12 programs given, and I am sure there were thousands of Canadians who felt the same way about it.

I did not want this opportunity to pass without saying that in my opinion the C.B.C. is trying to carry out a difficult task, with respect to which criticism is justifiably legitimate from time to time. No organization can carry on the work it is doing without meeting criticism and expecting it, but I think the ledger should be balanced slightly this morning. I did not want this matter to pass without saying, speaking for myself and I think for many more associated with me here, that we feel that the C.B.C. has done a reasonably balanced job in the work it has accomplished.

Mr. Herridge: Mr. Chairman, I rise to express very briefly my support of the remarks

of the hon. member for Digby-Annapolis-Kings. While I think his ideas are a bit wacky on some questions I know that, like the members of this group, he is a good, thorough, Canadian democrat and wants all sides of every question discussed. Before I say another word or two, may I say that I have had complete assurance from the hon. member for Comox-Alberni that he will follow his usual practice and when he sends *Hansard* to his constituents covering this debate he will draw particular attention to the remarks by the member for Lethbridge. He does that on all questions, as the majority of us in this group do.

I want to refer to a gentleman who is well known in Canada, and who speaks quite frequently on the C.B.C. on matters of political and public interest. He has been doing that this last winter, and a person who is in the habit of listening to him wrote him for an exchange of ideas with regard to China. I now read the letter this gentleman who speaks on the radio wrote in reply. It reads:

Dear Mr. Scott:

I am in receipt of your treatise regarding trading with the new China.

Frankly, I don't think you go far enough. My knowledge of the Chinese people has been that they have never, until recently, entered into a war of aggression. They have, over the centuries, accepted exploitation and conquest with equanimity and, as the years have passed, have absorbed their conquerors and made all of them good Chinese. I sincerely hope that in the future China will continue in her ways of the past.

We of British Columbia and Canada are faced with one incontrovertible fact and that is that there are 600 million people who require the goods and services that will bring them to the point where they have an equal standard of living to that which we enjoy in Canada. We, in Canada, and specifically in British Columbia, are in the position to assist these people to acquire that standard of living. Every effort we can make in this direction is of the utmost importance in the welfare of the world and therefore we would ask all those who come in contact with the necessity for trading with China to give this matter their serious consideration.

Forget that there have been differences in opinion! Forget that one country or another has been labelled an aggressor! Just remember that all the people of this world are the peoples of one world; that no matter how we may assess values those values only have significance when they are applied to the needs and requirements of the human beings who inhabit this world. Religious belief, the colour of the skin, racial origin, have no significance; the only thing that matters is that we, as human beings, have a wonderful earth at our disposal and that every effort we put forth should be directed to developing the marvels of this world for the use of the human beings that inhabit it. I earnestly commend a study of human relationships and an acceptance of the fact that we must all live together.

Does the hon. member for Lethbridge agree with those sentiments?

Mr. Blackmore: Certainly I agree with those sentiments.

[Mr. Herridge.]

Mr. Hansell: But we believe it can be done without the communists.

Mr. Blackmore: Does my hon. friend believe that we ought to come under Russia before too long? That is what the C.B.C. is working for.

Mr. Herridge: Certainly not. I may say this letter was written by Mr. Thomas J. Irwin, speaker of the legislature of British Columbia.

Mr. Low: There are two or three questions I want to ask the minister further to those I asked this morning, and I appreciate the answers that he gave. Let me hasten to say now that if I was mistaken in interpreting his answers last night as being flippant and rather smart aleck, then I certainly apologize. It did seem to me the answers I had last night were of the flippant and rather smart aleck type. However, I take his word for it when he says he did not intend them that way. I accept that, and I apologize if I imputed any wrong motives to him.

There is one thing I should like to have if the minister would give it to me. He suggested this morning that the radio drama, "We Shall not be Moved", cost $3,500. Does that mean in fees only, out of pocket expenses or, as I suggested earlier, does it also include network costs, properties and all that sort of thing.

Mr. McCann: It does not include network costs because that cost goes on anyway, whether or not it is used.

Mr. Low: Yes, I understand that.

Mr. McCann: What I gave is exactly what I said, out of pocket expenses.

Mr. Low: Can the minister find out from the C.B.C. people who sit in front of him what the estimated network cost would be, because let us never forget that that time, from nine o'clock to eleven p.m., is very valuable time that would gladly be purchased by many advertisers in this country who would pay very large fees to get it. I should like to have from the minister an estimate of the value of the time and the cost of the facilities involved in putting over this network play.

Mr. McCann: I am afraid it is almost impossible at this stage to give a definite figure on that because our trans-Canada costs, so far as wire facilities are concerned, are all on a 10-year basis. It is rather difficult to figure out what they cost for an hour or two. Otherwise the out of pocket costs usually include all the overhead, the hiring of performers and things like that.

Mr. Low: Would it not be possible for the minister to obtain a fairly close estimate of what the C.B.C. would charge a commercial firm for the use of the facilities that were used by the producer of this play for the two-hour period?

Mr. McCann: We would have to take into consideration how many stations were on the network carrying that program in order to accurately calculate what the costs would be. We have not that information here. However, all these costs are high and I will admit that. Does the hon. member know that it costs $10,000 to televise the opening of parliament?

Mr. Low: I know that.

Mr. McCann: When we are answering with reference to costs, we take into consideration every item, even the expenses of the board of governors and what that costs over the years.

Mr. Low: It is because I fully realize the cost is high that I wanted to have the minister put on the record a fair estimate, not an exact one but a fair estimate of the total cost of this extravaganza which it has been admitted was a mistake. I think the Canadian people are entitled to know what it costs to have these mistakes made. The best way of getting that idea is to have the minister give us the facts concerning the network costs and all that sort of thing. Certainly I would be justified in saying it would be quite a number of times the $3,500 out of pocket which the minister gave us, but of course how many times the Canadian people do not know. I think we are entitled to have that information in this committee.

Mr. Hansell: I think that is exactly where the Canadian Broadcasting Corporation fall down. You see, they do not have to make a profit like private industry in order to keep out of bankruptcy, so they are not too much concerned about what it costs. It is just not true for the minister to say they cannot figure out what it costs for the network, including all the factors. If private industry were operating a thing like that they could tell you within a very few minutes exactly what it costs for this or that. They would have to know, because they would have to balance their books to see that they did not go into the red.

I read an article a while ago in which it was stated that the Canadian National Railways had calculated exactly how much it costs for coal to stop and start a train, and they had compared that with the costs of other types of fuel. If industry can do that, Mr. Chairman, then surely the Canadian Broadcasting Corporation can do it.

Mr. McCann: We keep very accurate cost accounting, Mr. Chairman, and while I have not the costs of this particular performance here I am informed by my officials in front of me that in their estimation the cost would be under $5,000 for the whole thing; that is all costs considered.

Mr. Hansell: Would the minister care to answer this one question? How much was paid to the writer of the script for this broadcast?

Mr. McCann: The figure that is given to me is something between $500 and $1,000.

Mr. Low: That would be for the script as well as the production? As I understand it the writer, Mr. Reeves, did produce the play.

Mr. McCann: For the script alone.

Mr. Low: Then there were production fees above that, and could the minister give us that figure?

Mr. McCann: He was not paid anything extra for production.

Mr. Hamilton (Notre Dame de Grace): I wonder if the minister would like to comment on the labour difficulties which have arisen within the last 10 days in connection with the C.B.C. building in Montreal. In order to refresh his memory on the point may I say that the day cleaning staff are under the aegis of the building service international union, which is an A. F. of L., C.I.O. union affiliated with the Canadian Labour Congress. The night workers have not as yet been unionized. They are employed by a private contractor who has a contract with the C.B.C.

It is interesting to note that the day people are paid $35 for women to start and $47 for men, whereas my information is that the private contractor on the night shift is paying the women $22 and the men $35, which is substantially under the day rates. I am informed also that this contractor requires his employees to sign an agreement that they are not members of this union; that they are satisfied with the wages he is going to pay them, and that they do not want to be represented by a union. This information has been given to me by a reliable source, and if it is correct the minister will know that it is against the federal labour law to require such employees to sign such a document.

I think he will also know, or should be aware, that one of the workers on the night staff—in fact it is a Mrs. Rose Bartel—who has held membership in this union was fired by the contractor because of her union activity. She was subsequently taken back after mediation. I am wondering whether the minister knows anything further of that

and whether he is aware, for example, that she was again fired last Thursday night, after being back for only one day, because of her union activity. What steps does the minister propose to take to see that the night cleaning staff of the C.B.C. under this contract are dealt with fairly and equitably by the contractor?

Mr. McCann: Mr. Chairman, this has to do with what are called the cleaner contracts at the C.B.C. buildings and offices in Montreal. The contract was given out by tender to a private operator, and it is pretty much up to him to pay for the service. I presume unions and the like would insist that he pay the current rate for that particular type of help. It is not a matter that I am thoroughly conversant with, but I assure the hon. gentleman that the C.B.C. will look into it to see that the terms of the contract are carried out and that justice is done to all concerned.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, on that point, it is a little more than looking into it and seeing that the terms of the contract are carried out. It is my understanding that the government of Canada, or any of its agencies, should not be a party to agreements with people who do not follow the regular and proper labour practices in this country. If the minister finds that this contractor has broken the federal labour laws in any way, will steps be taken to cancel the contract?

Mr. McCann: I am informed that negotiations are going on right at the moment with reference to the trouble.

Mr. Hamilton (Notre Dame de Grace): Negotiations? What kind of negotiations? Negotiations leading to the cancellation of the contract?

Mr. McCann: Well, discussions are going on between the C.B.C. and the contractor, and discussions are going on between the union and the contractor.

Mr. Lennard: Mr. Chairman, a few moments ago the minister said that they even keep track of the expenses of the board of governors. What did the board of governors cost the Canadian Broadcasting Corporation during the past year?

Mr. McCann: They are paid an honorarium of $50 a meeting and their out of pocket expenses.

Mr. Lennard: What would their out of pocket expenses be?

Mr. McCann: It varies. They come from as far away as British Columbia and Newfoundland. The board of governors is made up of gentlemen who come from various sections of the country. They come here, or they attend meetings wherever they are held. Their fees are very small.

Mr. Lennard: Are they paid $50 a meeting, or is it for the day or for several days?

Mr. McCann: It means a three-day meeting. They are the poorest paid of any people who work for the government.

Mr. Lennard: They should not be paid any more. There are only two or three, outside of the chairman, who know B from a bull's foot. There are only one or two on the board of governors who really know their business. Apart from those members, the others are not worth $50 a day.

Mr. McCann: I cannot agree with that.

Mr. Lennard: I am telling you.

Mr. McCann: If you look over the board of governors you will see that they are outstanding people.

Mr. Lennard: Outstanding Liberals in different parts of the country.

Mr. McCann: No; we pay no attention to their politics. Would you call Professor Corry, Professor Steel or Mr. Pouliot, of Quebec, or Mr. Crawford of Toronto, or Mr. Montgomery, of Edmonton, or Mr. Gervin of Vancouver, politicians? I think we are very fortunate in our selection.

Mr. Lennard: You have left out several.

Mr. McCann: Yes, I have.

Mr. Lennard: Purposely.

Mr. McCann: I do not remember all of them. I have named six or eight of them. As far as I know, they are outstanding men who are giving good service to the country for nothing.

Mr. Lennard: What?

Mr. McCann: What do they get out of it? Does the hon. member work for three days for $50?

Mr. Lennard: We do not know the half of it.

Mr. McCann: I know more than you do; I know the other half, anyway.

Mr. Blackmore: Mr. Chairman, just before we wind up this discussion I should like to say a parting word or two.

Some hon. Members: Oh, oh.

Mr. Blackmore: Yes, I know there are thousands of words that ought to be said, because your very children's lives are in danger, and everything you hold dear. Let us not forget that.

Mr. Bell: Some of us have no children.

Mr. Blackmore: The trouble is we have so many people who do not realize what is going on. They did not realize what was going on in Czechoslovakia until it was too late; they did not realize what was going on in Rumania until it was too late. Now, it is an easy thing for it to happen right here; and when you bear in mind that the communist organization is counting on taking over Canada and the United States not later than 1961, it becomes a serious thing. Up to the present time they have not failed once in attaining their objective. They boast about it.

In the light of those facts we cannot be too careful. I say to the minister, I have no desire to be unkind to the C.B.C. or to anyone else. They give wonderful programs, but what value would it be to give us programs of the highest quality and the best on earth if at the same time there were people speaking over the C.B.C. who were indoctrinating our youth so they would cause us some of these days to do something like what happened in Czechoslovakia; and it could happen. Let us not be deluded in this matter.

The first thing I would suggest to the minister is that he get someone who will be reliable to find out for him just exactly what is the communist line. At the present time there are several kinds of communist lines. One is coexistence. They are preaching coexistence all the time. The effect of coexistence is to get us to let our guard down. That is the first thing. They know perfectly well there is no coexistence so far as they are concerned. They have already told us that they would put on a peace offensive that would amaze us, and then when we got our guard down they would smash us. Do not forget that when they say they will smash us they mean it. The words of Khrushchev last September are just as clear as words can be. Words could not be any clearer. Do you imagine he did not mean what he said? I have already quoted them for the record this year.

In the light of this I ask anyone whether a person can devote too much time to this matter on the floor of the house?

Bear in mind, there is no opportunity to speak out and discuss this matter for months; we have to wait until the C.B.C. estimates come in. I am just as tired as anybody else in this house; I am just as anxious to get home, but I would certainly be ashamed if I went away and left unsaid the things which I ought to say because I realize the terrible danger. I have tried in this house to convince hon. members of the terrible danger that lies before us, but in most instances they have not shown they could even dimly appreciate the things I have been telling them. When one of those hon. members sits down with me and spends half an hour two or three times and sees some of the things I have, he is a different man entirely; because they are facts.

Some hon. Members: Oh, oh.

Mr. Blackmore: Yes, I know all about the silly remarks. The simple fact is that we have been so misinformed, Mr. Chairman, by the propagandists who have been working over the air and through the newspapers that we just do not know anything about realities. I refer to just one case.

Before the Chinese trouble began, in both the United States and Canada there was a line of propaganda put out by all the various communist organs that the communists of China were not real communists. I ask if there is any hon. member in this house who did not have that impressed upon him until he believed it. That is right; they were presented as being merely "agrarian reformers". What was the purpose of that propaganda? It was to lull the people of the United States into a sense of security regarding China; and they were completely indoctrinated and all believed this line of thought, then what happened? China was taken away from us, one, two, three and there is no doubt that they proved to be real communists after that.

That is just one example. This was done by Edgar Snow and two or three other men. If anyone cares to read into this matter—and I say for the sake of common sense we should read into it—I would suggest that one should take the book "While you Slept" by John T. Flynn and learn what was done, how it was done and how completely deluded we were. The radios and magazines were all used in putting across this communist line.

Another line that was put over was that concerning Syngman Rhee. It was said that he was one of the most wicked men in the world. One of the quotations I have here refers to Syngman Rhee as a wicked old man. The only wicked thing about him was that he wanted his people to be free from communism; he was a wonderful man.

On October 2, 1942, the communist organization of the United States declared an anti-Chiang Kai-shek campaign, and some of the most wicked, vile and unjustifiable statements were made and spread far and wide about Chiang Kai-shek. These statements were just as untrue as they possibly could be. These were spread abroad by the communist *Daily Worker* of the United States, backed up by certain other organs, all working to influence the people of the United States to

believe these falsehoods about Chiang Kai-shek. That is how these things are accomplished in this matter of subverting the people.

I ask the minister in the light of all these things to find someone who can give him the communist line in the most minute detail, and then have two or three people monitor all the C.B.C. programs. The minister will then find out that men like Matthew Halton, Douglas Lachance and Robert McKenzie of the London school of economics and a great many others I could name, a list totalling 25 or 30 names, are constantly following the communist party line in one way or another.

If the minister will find out exactly what the communist line is and acquaint himself with the fact that there is a communist line which is designed to delude and subjugate the people, and if he will then appoint someone to monitor the broadcasts to keep an eye on attempts to indoctrinate listeners with the communist line, he will be doing a great service to his country.

There are half a dozen ladies I could name right at this moment who go on the radio on what they call morning matinee programs, and they are putting over the communist line to Canadian women while they are washing their dishes and doing their housework, until the people of this country are getting a completely distorted view of a wide variety of things. I have in my hand quotations which will support everything I am saying at this time.

I plead with the minister to acquaint himself with the communist line and to appoint a number of reliable people to check all the broadcasts and then eliminate those people who are giving out the communist line. It is interesting to remember that we are spending $2 billion a year on our defence program in this country. Where is the sense in spending $2 billion a year in building up a force for the defence of this country if we are going to close our eyes to the fact that our people are left open to conversion to communist thought right behind our backs? How can we get anything even remotely resembling sense out of a situation like that?

Having said that, Mr. Chairman, I shall turn this matter over to the minister with the earnest request that when we come back next year we will have an altogether different C.B.C., one that is genuinely Canadian and not communist.

Item agreed to.

The Chairman: That concludes our consideration of the estimates of the C.B.C., and we now proceed to a consideration of the estimates of the Department of Finance.

[Mr. Blackmore.]

It being after one o'clock I do leave the chair. May I remind hon. members that I shall resume the chair at 3.30 this afternoon.

At two o'clock the committee took recess.

AFTER RECESS

The committee resumed at 3.30 p.m.

DEPARTMENT OF FINANCE

General administration—

117. Comptroller of the treasury—central office and branch offices administration, $15,270,774.

Mr. Monteith: Mr. Chairman, on August 11 when these estimates were last up, I asked for some information from the minister. The minister had intimated that the Bank of Canada could expand credit and I then asked the minister:

> Has he or the government or the officials of the Bank of Canada given any consideration to another possibility of, shall I say, holding inflation in check or creating a trend the other way, by allowing sufficient credit to cause enough expansion to supply the goods which would fill the demand.

Mr. Harris: I think it is obvious that the Bank of Canada is doing that at the present moment to the degree they think they should. The Bank of Canada does provide credit by the use of the economic weapons at its disposal, and credit has been expanded steadily this year, although not at the rate which some maintain it ought to be. It would be correct to say that during this year the bank has provided expanding credit, but at times it was not expanding at the rate of demand.

Mr. Monteith: Would there be any justification—I presume not, but I am asking this question—for expanding credit to the extent where demand might be met by supply?

Mr. Harris: That has been the case most of the time, but as I indicated in my general statement the other day, any time the demand is likely to outrun the actual physical ability to produce it would be unwise to provide credit beyond which production could be maintained. That is the real difficulty at the moment. People are wishing to have credit greater than the actual production, with the result that if they got credit there would be more money than there were goods and we would have inflation of the kind we do not want.

Mr. Bell: When I was speaking in the debate on the federal-provincial tax arrangements I tried to obtain some figures referring to the debt positions of the provinces, but I could not get them at that time. I have

them now, and I should like to take just a minute to put them on the record. We were dealing with the debts of the various provinces, and at that time I put on the per capita debt. I was trying to show the dead-weight debt position of the maritime provinces and their relatively poor position when compared with the other provinces. I have here further figures which show the increasing disparity. The figures for net direct debt less realizable assets on a per capita basis are as follows:

New Brunswick		$194.81
Nova Scotia		169.48
Prince Edward Island		153.70
Ontario		107.43
Quebec		56.84
Saskatchewan		26.88
British Columbia		11.50
Manitoba	(—)	56.44
Newfoundland	(—)	73.71
Alberta	(—)	210.17

Mr. Monteith: It is under this item that the Department of Finance provides officials in other government departments. I notice there is an item for rental of office equipment, which I can understand, but I should like an explanation covering rental of offices abroad, indicating just where they might be.

Mr. Harris: I have a long list here including London, Paris and Washington.

Mr. Monteith: Why would the comptroller of the treasury have offices in those centres?

Mr. Harris: Because in each case we have Canadian offices, embassies and the like, and have a treasury officer there so we may be aware of their expenditures.

Mr. Monteith: I notice there has been quite a change in the listing of personnel. There are a great many punch card equipment supervisors, operators and so on and a somewhat smaller number of office appliance workers. I am presuming that means the department has been mechanizing its accounting work?

Mr. Harris: In so far as we can try to keep abreast of modern usage of business machinery.

Item agreed to.

Administration of various acts and costs of special functions—

119. The Bank Act—salaries and expenses of the inspector general of banks' office, $31,980.

Mr. Monteith: I think this is one of the better run branches of the department. It has been pointed out that the same staff has been in existence in this office for some years, so I think this branch offers a very good example to other branches in the department.

Mr. Harris: Thank you.

Item agreed to.

120. Administration of the Farm Improvement Loans Act, the Veterans' Business and Professional Loans Act, the Fisheries Improvement Loans Act and the prairie grain producers' interim financing program, $90,083.

Mr. Zaplitny: Could the minister state how many applications for loans under the Fisheries Improvement Loans Act were made in Manitoba, how many were approved and what was the amount of money involved?

Mr. Harris: I am not able to give it by provinces; I only have the total for the period from December to March. In that time there were 143 loans granted, the amount involved being $136,000. I am sorry I have not it broken down by provinces, but I shall get that information and mail it to my hon. friend.

Mr. Zaplitny: How many applications for loans were made?

Mr. Harris: I have not that information. We are in the same position here as we are in connection with other guaranteed loans. A fisherman would go to the bank, and we only enter into the matter when the application is granted and we guarantee.

Mr. Barnett: How many loans were made by banks and how many by credit unions?

Mr. Harris: As far as I know, in British Columbia 27 were granted by credit unions to a total of $44,710.

Mr. Charlton: What was the total amount of money involved in the case of the prairie grain producers' interim financing program?

Mr. Harris: From November 1, 1955, to May 31, 1956, the total number was 10,326 and the amount of money involved was $7,893,000.

Mr. Monteith: Are any new acts being administered this year under this item? I notice that there are three additional administrative officers.

Mr. Harris: Of course the prairie grain producers' interim financing program came into force some time in March.

Item agreed to.

Tariff board—

121. Administration, $91,015.

Mr. Green: Can the minister give a further clarification of his plans with regard to the potato industry? When he was speaking

on August 6, he had this to say, as reported on page 7107 of *Hansard*. He was referring to representations they made to him, as a result of which he made a reference to the tariff board and in due course had a report from them:

> Nevertheless there seemed to be an opportunity here for consideration of some changes, particularly having in mind the changed pattern of trade, and I indicated, I think, in my budget address that I might have something to say about this at a later time. I might just put it in a nutshell now rather than wait for the estimates. It would not be possible for us to induce the United States government to change its tariff in accordance with the requests of our potato producers. It is too much to expect that we would be given greater access to the United States market without paying something in compensation under our treaty arrangements. However—

This is the part on which I would ask further clarification:

> —there may be other means whereby we can meet the requests of the potato producers at least to some extent. We have been considering that and shall continue to do so.

In that paragraph the minister spoke as though the main request from the potato industry was for some change in the United States tariff in order that Canadian potatoes might get into the United States more readily than they do at the present time; but insofar as the industry on the west coast is concerned, my understanding is that their request was that Canada raise her tariff to the equivalent of the United States tariff. I have here a letter from the British Columbia coast vegetable marketing board, in which they say:

> Our application which has been before the tariff board and which has been further presented to certain representatives of the cabinet at a meeting in Ottawa in February 1956 is that the present six-week tariff structure of 37½ cents per hundredweight—applicable from June 15 to July 31— be extended on a year-round basis.

The minister had not dealt with that particular request in his statement, and I think he was putting the emphasis on the wrong point when he spoke on August 6, because his own submission to the tariff board, dated April 22, 1955, read as follows:

> I have received numerous representations to the effect that there has been a significant increase in imports of potatoes in recent years, and that this has caused serious concern among Canadian potato producers. In these representations it has been urged that the customs duty on potatoes be increased and that the period to which the seasonal duty applies be extended.

The minister there was certainly not placing any emphasis on trying to get the Americans to reduce their tariff. The report by the tariff board sets out at page 46 under the heading "Across-Border Trade in Potatoes":

> For nearly all of its long trading history with the United States, Canada has allowed potatoes from that country to enter free of duty . . .
>
> On the other hand, the United States traditionally has imposed a relatively high duty against the Canadian product.

My understanding is that the duty going into United States is 37½ cents, whereas there is no duty whatever on United States potatoes coming into Canada except for that six-week period. In the summary of this tariff board report we find it stated in the first paragraph that people are not eating as many potatoes as they used to, for some reason. Perhaps there are not so many Irishmen in the country as there used to be, but this first paragraph says:

> A basic factor in the situation facing the Canadian potato grower is the progressive decline in the demand for his product. Total production per annum today is about what it was in the '80's, despite a four-fold increase in population; consumption per capita has declined drastically and appears to be still declining. In a word, more and more Canadians are consuming fewer and fewer potatoes.

The summary goes on to point out the difficulty that these potato growers are facing. Paragraph 9 reads:

> Imports, entirely from the United States, are virtually all table potatoes and, as a general rule, so-called "early" or "new" potatoes, which enter chiefly in the months of May-July, inclusive.

The tariff board report points up very clearly another reason why the potato growers are in trouble:

> In recent years, the inward movement has shown a tendency to spread marginally (before May and beyond July).

The very last paragraph of their summary reads as follows:

> The major concern of Canadian growers is the impact on domestic prices in those years when the United States product is in over-supply.

I think the minister should clarify two points. So far his statements have been rather vague. That may not have been intentional; on the other hand, it may have been. I am a little suspicious that it was a deliberate vagueness, but what I should like him to clarify today is this. In the first place, what about this request that Canada extend her tariff for a longer period? If it cannot be extended for the whole year, what about at least extending it for a longer period so that both countries will be treating imports of potatoes in more nearly the same way?

The other point on which I should ask clarification is this statement to the effect that there may be "other means whereby we can meet the requests of the potato producers at least to some extent." The minister said:

> We have been considering that and shall continue to do so.

I think the committee and, of course, the potato growers as well are entitled to clarification on those two points.

Mr. Harris: During the past several months I have had a great many transactions with my hon. friend. Now that he has brought up the subject of the Canadian people eating fewer and fewer potatoes, may I suggest that he might eat a few more than he has been eating, and perhaps he would not qualify for the suspicion that attends upon lean and hungry people, and that we should have fat people who sleep at night and are in better humour. However, that may be—

Mr. Green: I am in good humour.

Mr. Harris: You might help the potato industry in British Columbia if you indulged in eating them a little more.

There was no intention on my part to be vague about what is happening in respect to the application to the tariff board and then to the government for assistance to the potato industry of Canada. If I emphasized the concern of the potato industry for the United States market, I think I correctly interpreted the attitude of the potato industry. They have great advantages in the United States market, and they do not want to lose those advantages. Indeed I think if a choice were made in having any change made, they would prefer to leave it as it is, because in their application they said they would want the Canadian tariff on potatoes entering from the United States to be extended for a greater period than the seasonal six weeks, but only if the United States tariff were not changed against Canadian potatoes. If I have emphasized that throughout everything I have said on this subject, I believe I have placed the emphasis correctly.

The United States market for seed potatoes is one thing; the United States market for table potatoes is another. Both of them are valuable. The hon. member for Kent has just sent me a note saying that 37 carloads of potatoes left a town in his riding just last week. That is a very considerable shipment to the United States. Therefore it is not entirely a matter of concern for the maritime potato growers but, in fact, for Ontario and the west as well. If I have made it clear that the conditions laid down in the application of the association could not be met, all I meant to convey by my statement that has been quoted was that even if those conditions could not be met it might be possible that we could find other conditions whereby we could meet the request of the potato association to some extent, and they might have to yield a little with respect to their request if they would. Up to the present time we have not gone further than that and I am free to confess that, for rather obvious reasons, I have not had the time to do so in recent weeks.

Mr. Green: Does the minister mean that he can take no action to help these people unless it is done in collaboration with the United States? Are there not some other steps that could be taken, perhaps by way of assisting them to get into the market in Quebec and Ontario from the maritimes, for example? Just what does the minister have in mind? It sounds as though the only possible help that can be given is by persuading the Americans not to raise their tariff if we raise ours, although theirs is already higher than ours. Is that what the minister means?

Mr. Harris: That is what the potato association requested that we do; that we take action to change the Canadian tariff, and that cannot be done except by agreement with the United States. There is a treaty, and if we desire to have it changed the procedure is to express that desire. Then there is, no doubt, a counter suggestion from the other side, because there must be some form of compensation paid to obtain the benefits you desire.

So far as providing freight assistance is concerned, if that is what my hon. friend had in mind, I have not come prepared to discuss that because my understanding is that the potato report rather indicated that while that was a matter of some moment for the maritime producers in the Montreal and perhaps the Toronto markets, nevertheless there were local markets for local production, and that except in some instances assistance with respect to freight rates would not be a particularly attractive feature. I may be wrong and may have to qualify that because I have not read the report for some months, but I believe that was the general tenor of the remarks on freight rate assistance. Therefore I did not have that in mind when I made the vague remark I did.

Mr. Green: Does the minister mean to say that the period of six weeks, during which the Canadian tariff of 37½ per cent applies, cannot be extended at all without the consent of the United States?

Mr. Harris: No, I did not mean to say that. What I mean to say is that with a friendly neighbour, with whom both ways we have the largest trade in the world, and with a treaty in existence, we do not change tariffs without consulting them and seeing if we can come to a mutually acceptable settlement.

Mr. Green: Has the minister made any representations to the United States asking if they would have any objection?

Mr. Harris: I think the hon. member knows one does not disclose any representations that are made until some solution may be reached and announced.

Mr. Green: I must say, Mr. Chairman, that it does not sound very hopeful.

Mr. Monteith: It occurs to me that the overall expenditures under this item are up considerably. The number of employees is up from 11 to 17, and there is a new item for publication of reports in the amount of $4,000. There was nothing for that last item last year. Would the minister mind explaining briefly why there is this increase in cost and in the number of employees?

Mr. Harris: As to the publication of reports, Mr. Chairman, we have two rather large reports that we expect to have to publish shortly, the one on the primary iron and steel products investigation and the one on pipes and tubes. With respect to the increase in numbers, I think I pointed out when I moved the amendments to the Tariff Board Act earlier this session—

Mr. Monteith: I cannot hear the minister. It is not his fault. There is a lot of talking going on in front of me.

Mr. Harris: Earlier this session when we amended the Tariff Board Act I explained that there had been a heavier load of work placed upon the tariff board in recent months than had been the case for a good many years, that the number of appeals under the customs tariff and similar legislation is increasing, and that I have been sending a larger number of inquiries under the Tariff Board Act to the board.

Item agreed to.

Payments to municipalities—

124. Grants to municipalities in lieu of taxes on federal property—To provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations established by order in council of October 28, 1954, P.C. 1954-1621, and to provide for payments to municipalities under order in council of October 6, 1954, P.C. 1954-1497, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein, $7,065,500.

Mr. Monteith: Could the minister give us the amount actually spent last year or the amount spent so far this year?

Mr. Harris: Last year payments amounted to $6,456,250.

Mr. Monteith: That was the estimate.

Mr. Harris: The total was $6,986,750.

[M. Harris.]

Mr. Hamilton (York West): Since most of the assistance the municipalities can receive will come through the provinces, will the minister report whether he has had any continuing or additional talks with the provinces in connection with reaching a final agreement under the dominion-provincial legislation?

Mr. Harris: The legislation was passed by the house a short time ago, and I was looking forward to a period of comparative freedom during which we might proceed with the negotiations.

Mr. Hamilton (York West): Are these continuing negotiations? They are going on?

Mr. Harris: There was a continuing committee of officials appointed at the conference a year ago and I am sure it will be meeting in the near future.

Item agreed to.

Contingencies and miscellaneous—

125. To provide, subject to the approval of the treasury board, for miscellaneous minor and unforeseen expenses including authority to re-use any sums repaid to this appropriation from other appropriations, and special compensation or other rewards for inventions or practical suggestions for improvements, $1,500,000.

Mr. Monteith: This is labelled category No. 22, which is more or less of a miscellaneous item, and I notice that throughout all the estimates there is a great amount of money under No. 22. Can the minister tell us how much was spent last year, at which time there was an estimate of $1 million? The amount is up 50 per cent this year. What is the reason for the increase?

Mr. Harris: The amount spent in the last fiscal year was $908,105. The reason we have increased it is that we were obliged to refuse what we thought were desirable projects during the year because we did not have enough money to cover them, and we feel that another $500,000 will be necessary this year.

Mr. Monteith: What type of projects are they that would come under contingencies and miscellaneous and not be considered worthy of being stipulated?

Mr. Harris: I have seven or eight pages of details here.

Mr. Monteith: Give us a few of the larger ones.

Mr. Harris: There was $150,000 for flood relief for India, Pakistan and Granada in connection with a hurricane they had there. There was another $150,000 in connection with some additional work at Port aux Basques, about which we have heard a good deal lately. I see here a quarter of a million dollars in connection with the public building at Winnipeg,

and so on. That is the type of thing, where there is either an urgent requirement for a new project of a limited nature or, alternatively, the vote provided has been spent, the work is not completed and they have to draw on this account for that purpose.

Mr. Monteith: I should like to comment on the public building in Winnipeg. Would that not ordinarily come under public works?

Mr. Harris: It would ordinarily come under it, but the public works item had been exhausted and this fund was the only money available. The difficulty in the case of Winnipeg was that the work had been completed a good deal faster than we had anticipated in our estimate of the year before, and we had to use this account for it.

Mr. Monteith: Well, Mr. Chairman, I cannot agree with that. After all, the estimates of the Department of Public Works for the current year are in this particular book and the estimates for the Department of Finance are in this particular book. If an item is in finance under contingencies, why could it not have been put in the Department of Public Works for the same year?

Mr. Harris: Because it came out of my money and not out of public works.

Mr. Monteith: Well, why?

Mr. Harris: Because I had the million dollars and the Minister of Public Works' vote for public works in Manitoba had been exhausted. The only fund that was available for expenditures for the work on that job was in this million dollar vote.

Mr. Monteith: I beg your pardon; I understand you are now giving the amounts which were spent last year. I should like to know what the additional items are that go to make up this 550 per cent increase?

Mr. Harris: This happens to be only an estimate, Mr. Chairman, this $1,500,000. So far as I am concerned it has no charge against it and it is purely a contingency vote to take care of exceptional demands on the treasury that may turn up because of the kind of thing I have described as occurring last year. I am only saying that last year we got up to $900,000 and we were running very short of money towards the end of the fiscal year. For that reason, I desire that this year we should not be in such a tight position.

Mr. Monteith: There is only one further thought I have in connection with this $150,000 for a public building in Winnipeg. It appears as money spent during the year 1955-56, and would it appear in the expenditures of the Minister of Finance during that period in the public accounts?

Mr. Harris: Yes, Mr. Chairman, it would. It was actually paid on December 16, 1955, and it would appear in public accounts in my case, but the public works vote will be used to reimburse my vote in the course of the arrangement of accounts between the two departments.

Mr. Monteith: How are we to get a true picture of what that public building in Winnipeg cost? In other words, the public accounts for 1955-56 will not show this $150,000 under public works.

Mr. Harris: If the hon. member asks for a return of the cost of the public building in Manitoba, he would receive a correct return of the total expenditure by the two departments.

Mr. Monteith: I have only one further comment. It seems to me the whole system does not give enough of the information which we should have.

Mr. Zaplitny: This appears to be the minister's petty cash account. I notice that it covers special compensation or other rewards for inventions or practical suggestions for improvements. Can the minister give the amount that was paid out during the last fiscal period as rewards for inventions or practical suggestions?

Mr. Harris: It was $12,500, Mr. Chairman.

Mr. Zaplitny: Is that paid to the employees of the government only?

Mr. Harris: Yes, Mr. Chairman.

Mr. Hamilton (York West): What was the amount spent out of the finance estimate last year of $1 million at Port aux Basques, and what was it for?

Mr. Harris: It was to provide for the construction of a breakwater on West Baldwin rock extending from Graveyard point on the mainland to the western boundary of the channel, Port aux Basques, Newfoundland, and the amount was $150,000.

Mr. Green: How did it happen that there was this oversight and the Department of Public Works did not ask for what was required? I presume that this item is connected with the Department of Public Works. I am surprised the minister would get himself mixed up in this Port aux Basques fiasco. We have already the Minister of Public Works and the Minister of Transport involved and now apparently the Minister of Finance is in on it. Have there been funds paid earlier by the Department of Finance for this same project?

Mr. Harris: I did not suppose I would have to engage in a discussion on this point, but

if I have to I want to make it clear that I am denying there was a fiasco. This is a necessary public work.

Mr. Green: It is certainly necessary now, but it was not before.

Mr. Harris: I have an idea the Minister of Transport acquitted himself fairly well on that score on his estimates. In budgeting for something over $4·5 billion, if you find that over a period of 12 months you only require a contingency fund of $1 million, it seems to me it is very good budgeting.

Mr. Green: It is not that simple because the Department of Public Works itself has a very large contingency fund upon which they can draw if they have not enough money in one vote. They have millions of dollars on which they can draw if more money is required for a particular vote. How did it happen that this particular Port aux Basques vote ended up in the Department of Finance?

Mr. Harris: That is a question that could be asked of the minister concerned, but the contingency fund of the Minister of Finance is available only to the extent it may be required when urgently needed or as I have already indicated for works that have proceeded to a point where the funds allotted have been exhausted. It may be recalled that all these items, Mr. Chairman, would show up in the final supplementary estimates which I think I put through the house about March 26 or 27. They would then have been discussed and decided upon under the appropriate department concerned because this vote is reimbursed from the votes of the various departments.

Item agreed to.

126. Cost of telephone service at Ottawa for all departments, $1,121,000.

Mr. Monteith: I am asking a question because I am guessing that this item contains the total salaries and wages of the employees of the government telephone exchange, is that correct?

Mr. Harris: Yes, but in addition to that the staff that administers this particular item.

Mr. Monteith: Which staff? In other words, here is an item connected with the cost of telephone service at Ottawa and on top of that each department has a telephone and telegram account. Are those items that are charged to each department purely long distance calls or what is the distribution of it?

Mr. Harris: This is the Ottawa exchange, Mr. Chairman, and the telephones outside of Ottawa are paid by the departments.

[Mr. Harris.]

Mr. Monteith: The Ottawa exchange covering all government departments?

Mr. Harris: In Ottawa.

Mr. Monteith: What might be included in the item, "other telephone service expenses, $1,151,440", what type of item?

Mr. Harris: The item of $1,151,000 is the Bell Telephone Company's bill to us for services in Ottawa.

Item agreed to.

128. To provide for the expenses of the royal commission on Canada's economic prospects, $225,500.

Mr. Monteith: This item covers the expenses of the royal commission on Canada's economic prospects. There was $300,000 in 1955-56 and there is $225,500 estimated for 1956-57. I wonder if the minister might give us a brief statement on when we might expect the report of this royal commission, how much longer it is likely to carry on, and so forth?

Mr. Harris: I believe the chairman is in Ottawa at the moment and I believe they have completed their public hearings and are considering their report. I have not anything to indicate how long that will take, but I would suppose it would be in within the next three or four months.

Item agreed to.

129. To provide for the expenses of the royal commission on television and radio broadcasting, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $150,000.

Mr. Monteith: May I ask the same question concerning this item which is to cover the expenditures of the royal commission on television and radio broadcasting?

Mr. Harris: They have not completed all the public hearings yet, sir, and their work will be later than the Gordon commission, though I think some time in the winter or early spring.

Item agreed to.

130. To provide, subject to the approval of the treasury board, for supplementing other votes for the payment of salaries, wages and other paylist charges, $750,000.

131. To provide for the government's contribution, as an employer, to the unemployment insurance fund in respect of government employees paid through the central pay office, $1,080,000.

Mr. Monteith: I notice that this item is the same as for last year, $750,000. What type of person does this cover? It has to do with the

payment of salaries, wages and other pay list charges. I am just wondering what type of employee it covers.

Mr. Harris: This is to cover any change in the prevailing rate wages which might occur during the year. We may require it to provide increased payments, if there are any.

Mr. Monteith: A special reserve.

Mr. Harris: Right.

Item agreed to.

Grants to universities—

132. To provide grants to institutions of higher learning recognized in each province by the government of Canada and the government of the province as being universities or institutions of equivalent standing equal to an amount, for each province, not exceeding 50 cents per head of its population as certified by the dominion bureau of statistics divided among the recognized institutions of the province proportionately to their enrolment of full time intramural students in personal attendance at the recognized institution or at an institution in the same province affiliated with it who are registered in courses of university level recognized as leading to and counting year for year toward a university degree awarded by a university in Canada and the Minister of Finance may for this purpose more particularly define the terms "university level" and "university degree", $7,986,000.

Mr. Monteith: Can the minister give us a list of universities and how much they are to receive out of this particular amount?

Mr. Harris: Yes, I can, Mr. Chairman, but once again it consists of about 5½ or six pages.

Mr. Monteith: Are there that many universities in Canada?

Mr. Harris: It is double spacing, and there are explanatory notes between. There are a good many more than my hon. friend perhaps thinks of, having in mind colleges and the like.

Mr. Nowlan: Can the minister give us a breakdown of the amount per head paid in the different provinces? That would be more helpful I think, than to give each university. If the minister happens to have it as between Nova Scotia, New Brunswick and British Columbia, and so on, it would be helpful.

Mr. Harris: Yes, Mr. Chairman: Newfoundland, $357.64; Prince Edward Island, $207.69; Nova Scotia, $80.85; New Brunswick, $112.36; Ontario, $137.84; Manitoba, $101.55; Saskatchewan, $151.97; Alberta, $149.80; British Columbia, $99.42.

Mr. Nowlan: Mr. Chairman, I know the minister would not expect this item to pass without my making my usual contribution. I am going to take only a minute or two. The figures he has just given us illustrate again, I think, the argument that I have attempted to make on various occasions. The only thing that gives me hope is that I notice year after year the same argument is advanced and the government finally adopts it if it is sound, particularly when an election is coming around. I am sure my argument is sound in this case and I therefore hope that at the next session the government will adopt it. I did not take down all the minister's figures but I have the per capita figure for the students in Newfoundland and it is $357.64. The grant per capita student in Nova Scotia is $80.85. In other words, the grant per student in Newfoundland is about 400 per cent more than in Nova Scotia. I admit at once that Newfoundland is an exception because they have fewer students, of course, in proportion to their total population. The figure in the other provinces is over $100 and in some over $200. I simply say again that I think there should be at least a minimum grant such as this government adopted and used during the war when every university received, I think it was, $125 per head. The Minister of Labour, who was then a university president, knows something of how the matter worked out. I think it was a much more satisfactory base than this. The fact remains that in the maritimes generally, but in Nova Scotia particularly, we are being penalized because we have more private universities and more students proportionate to our population, and therefore we get much less, but we got less to start with. I would hope that the government will give consideration to this matter in the very near future. I realize there are problems and difficulties in the way but some different system has to be adopted. As a matter of fact, I am sure that 10 years from now this grant, which is being made today to the universities, will look picayune, because the grant will then be on a much more substantial scale.

The whole problem of university grants and education generally is something that the next parliament, after the next general election, and during the four years which follow that, will have to look into. In the meantime we are all familiar with the announcement of the International Nickel Company, which was made last week, that they are going to give a grant of $2,500,000 to the universities. Some of these grants will be made to the maritime universities, but a comparison will show that they are getting a paltry amount under this arrangement. There is no point in continuing this argument at the moment. It is just possible that when the next session comes around, the minister, with that kindly smile of his, will

have reconsidered the situation and arranged that we should get more.

Mr. Monteith: Has the minister permission to put the distribution of these amounts on *Hansard* without bothering to read them all?

Mr. Harris: It would be possible for me to do that by having the list typed and handed to the Clerk. Have I permission to do that now?

Mr. Nowlan: Give it per head per province, the way you gave it to me.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

Mr. Harris: The list follows:

Grants to universities during fiscal year 1955-56

Alberta

	Amount of Grant
College Saint Jean	$ 2,398.50
St. Joseph's College	1,492.40
St. Stephen's College	3,304.60
University of Alberta	525,804.50
	533,000.00

British Columbia

Anglican Theological	$ 1,305.00
Union College of British Columbia	1,696.50
University of British Columbia	604,476.00
Victoria College	37,257.75
Notre Dame College	7,764.75
	652,500.00

Saskatchewan

College Catholique de Gravelbourg	$ 6,089.65
Scolasticat du Sacre-Coeur	1,822.45
St. Peter's College	311.15
St. Thomas	1,822.45
Campion College (including Sacred Heart College)	3,022.60
Luther College	3,644.90
St. Chad's College	1,377.95
Emmanuel College	4,400.55
Lutheran College and Seminary	2,711.45
Luther Theological Seminary	3,333.75
St. Andrew's College	4,578.35
St. Thomas More College	23,869.65
University of Saskatchewan (including Regina College)	380,358.65
Notre Dame College	7,156.45
	$444,500.00

Manitoba

	Amount of Grant
Brandon College	$ 14,942.40
College de St. Boniface	8,320.20
Manitoba Law School	17,064.90
St. John's College	6,579.75
St. Paul's College	12,268.05
United College	58,411.20
University of Manitoba	306,913.50
	$424,500.00

Ontario

Ontario Agricultural College	$ 81,891.40
Ontario Veterinary College	37,576.75
McMaster University (including Hamilton College)	136,312.90
Queen's Theological College	4,664.70
Queen's University	327,824.75
St. Jerome's College	2,591.50
Huron College	9,329.40
Music Teacher's College	4,664.70
St. Peter's Seminary College of Arts	16,067.30
University of Western Ontario	289,211.40
Ursuline College of Arts	10,366.00
Carleton College	58,049.60
College Bruyere	4,923.85
Notre-Dame College	4,405.55
Seminaire d'Ottawa	7,774.50
St. Patrick's College	20,472.85
Universite d'Ottawa	180,109.25
College du Sacre-Coeur	12,698.35
Knox College	7,515.35
St. Michael's College	106,769.80
Trinity College	73,080.30
University of Toronto (including Ontario College of Education and Ontario College of Pharmacy)	931,385.10
Victoria University (including Victoria College and Emmanuel College)	161,968.75
Wycliffe College	3,368.95
Waterloo College	39,390.80
Assumption College	56,494.70
College Classique de Cornwall	2,591.50
	$2,591,500.00

New Brunswick

Universite du Sacre-Coeur	$ 9,318.60
St. Thomas College	9,569.70
Universite Sainte Louis	17,074.80
University of New Brunswick	114,055.20
Mount Allison University	99,547.20
Universite Saint Joseph	29,434.50
	$279,000.00

Nova Scotia

	Amount of Grant
St. Francis Xavier University	$ 92,409.90
College Sainte-Anne	4,610.25
Dalhousie University (including Maritime College of Pharmacy and University of King's College)	110,850.90
Maritime School of Social Work	1,468.45
Mount Saint Vincent College	20,763.20
Nova Scotia Technical College	19,158.15
Pine Hill Divinity Hall	3,722.35
Sacred Heart Convent	478.10
St. Mary's University	22,709.75
Nova Scotia Agricultural College	5,566.45
Acadia University	52,078.75
Holy Heart Seminary	7,683.75
	$341,500.00

Prince Edward Island

Prince of Wales College	$ 16,615.80
St. Dunstan's College	37,384.20
	$ 54,000.00

Newfoundland

Memorial University of Newfoundland	$206,000.00

Summary of distribution of grants to Universities in fiscal year 1955-56

Province	Amount of Grant	Number of eligible students	Grant per eligible student
Newfoundland	206,000	576	357·64
Prince Edward Island	54,000	260	207·69
Nova Scotia	341,500	4,224	80·85
New Brunswick	279,000	2,483	112·36
Ontario	2,591,500	18,801	137·84
Manitoba	424,500	4,180	101·55
Saskatchewan	444,500	2,925	151·97
Alberta	533,000	3,558	149·80
British Columbia	652,500	6,563	99·42

Item agreed to.

133. Canadian association of consumers, $10,000.

Mr. Monteith: Just one question on items 133 and 134: there was a $60,000 item last year that was not required this year. May I ask what that was for?

Mr. Harris: That was for the Canadian Olympic association grant of $60,000, which we made last year.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

674. Furniture and furnishings for government departments—further amount required, $150,000.

Mr. Green: Mr. Chairman, two or three weeks ago there were indications in the press that the government might have in mind cutting back the public works programs for the present fiscal year to the extent of approximately 20 per cent. Can the parliamentary assistant tell the committee whether or not that is so?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Chairman, we have no intention of cutting back any items that appear in the estimates. It may happen, as the Prime Minister said last week, that some projects may not be carried out on account of lack of material, or lack of labour or high cost. I do not think it is the intention of the department to cut back any projects that we have in the estimates this year.

Mr. Green: No policy has been adopted of deliberately cutting back public works?

Mr. Bourget: No, Mr. Chairman.

Item agreed to.

Building construction branch—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

676. Newfoundland, $1.

Mr. Hansell: Mr. Chairman, I notice that item 676 and items 683 and 684 as well show an appropriation of $1. I wonder if the minister or his parliamentary assistant could explain to us whether or not the department is going back to a system that was devised by the predecessor of the present Minister of Public Works by which $1 was shown for a project only in so far as money is not used that has been appropriated for other projects.

I ask this question because the present minister's predecessor used to do that. Parliament therefore would vote $1 and the project would thus be approved by parliament. The impression left with the people in the locality concerned would be that they were going to have the building but when the next year's estimates came down after the present minister assumed office he discontinued that method and the result was that in his estimates for the following year no appropriation was made for the building which had been approved in the previous session by reason of the $1 vote. This caused some disturbance and dissatisfaction.

Item No. 676 is for a building in Port Union, item 683 is for a building in Regina, and item 684 is for a building in Edson. I think the policy the minister adopted when he assumed office is the right one. Let us not have an appropriation if we are not going forward with the building and if $1 is shown one year let us make sure the actual amount of the appropriation appears the following year if the building is not started.

As an illustration I want to mention the building I have in mind. Under the minister's predecessor a vote of $1 was shown for a public building in Claresholm. The minister at that time was elevated to another position and the present minister took over. When he assumed office his estimates came down and nothing appeared for the public building.

I kept hammering and hammering every year on the subject and now I want to thank the minister because this year they are going forward with that particular project. The money has been voted for it and the people are now satisfied. The point is, however, that the vote of $1 gave approval to this project before the present minister took office and yet the construction of the building did not take place until this year.

I prefer the policy the present minister is following. It looks to me at the moment as though he is reverting to the previous policy which I do not think is a good one.

If I am wrong in my understanding of this $1 item I wish the minister or his assistant would tell me so because I notice item 684 is an Alberta item and I do not want the people of Edson to be discouraged if they are not going forward with the building.

Mr. Bourget: Mr. Chairman, the $1 means that we have to put this item in the estimates if we want to carry on with the work. That is the reason we put just the $1 in the estimates and the remainder of the cost will be provided from excess funds in other projects in the province.

Mr. Hansell: Is the building being constructed this year?

Mr. Bourget: Yes, Mr. Chairman.

Item agreed to.

681. Ontario (other than Ottawa), $250,000.

Mr. Hamilton (York West): Mr. Chairman, there has been a great deal of dissatisfaction concerning the demolition of the building at the corner of Fleet and Harbour streets in Toronto. I wonder if the parliamentary assistant could tell us how soon we can expect that work to be cleared up and all the debris removed and what particularly was the reason that it stayed the way it did for so long?

[Mr. Hansell.]

Mr. Bourget: Mr. Chairman, I am told now that the demolition is taking place and we expect that work will be completed very soon.

Mr. Hamilton (York West): Can the parliamentary assistant tell me what "very soon" means in this case?

Mr. Nowlan: As soon as possible.

Mr. Bourget: I am informed that it will be finished next week.

Mr. Hamilton (York West): Well, that is the best answer we have had in a long time.

Item agreed to.

General—

700. To provide for the restoration of the special account in the consolidated revenue fund established by section 36 of the National Housing Act, 1954, by the amount paid out of the special account during the fiscal year 1955-56 in respect of:

(a) Losses sustained as a result of the operation of federal-provincial rental projects—federal share, $34,097.

(b) Preliminary expenses incurred under enabling agreements with provincial governments, $128, $34,225.

Mr. Green: Mr. Chairman,—

Mr. Hamilton (York West): The last word.

Mr. Green: —this vote apparently has to do with the projects under section 36 of the National Housing Act which I understand is the section under which the dominion and the provinces and the municipalities can co-operate.

Earlier in the session we had some discussion about the government being unwilling to go into a project of this kind for the use of old age pensioners exclusively. The Minister of Public Works told us on two or three occasions during the session that he would not be a party to a project of that kind even though the municipality and the province had asked for a project which would be exclusively for recipients of old age security.

Has there been any change in that policy either to provide that the project can be exclusively for senior citizens or in the alternative to permit of a larger percentage of senior citizens being accommodated in such a project?

Mr. Bourget: Mr. Chairman, as my hon. friend knows, the hon. member for Vancouver East asked some questions on orders of the day some time ago and the minister at that time made a statement to the effect that the municipality cannot constitute itself as a limited dividend corporation. The project that is now being brought forward by my hon. friend could come under a limited dividend

corporation. I think the minister at that time stated that although the municipality could not constitute itself into a limited dividend corporation it could sponsor a limited dividend corporation as has been done here in Ottawa on the Lowren project and also the Bonlogis Company Limited. I am not aware that since he made that statement in the house in answer to a question asked by the hon. member for Vancouver East that the policy has been changed.

Mr. Green: It would seem that for all practical purposes it will be impossible to go ahead with this scheme on the west coast as a limited dividend project. I hope the department will take a further look at this matter to see whether the request of the city and the province cannot be met. These bodies are anxious to go ahead with this project for senior citizens and I hope the department will find some way to co-operate with them.

Mr. Bourget: I shall do that.

(Translation):

Mr. Maltais: Mr. Chairman, I should like some information about the agreement between the authorities of the city of Montreal and the Department of Public Works, regarding the Dozois plan in respect of vote No. 735. Could the parliamentary assistant to the Minister of Public Works let us know the latest developments concerning the talks between the municipal authority and the department?

Mr. Bourget: Mr. Chairman, as my hon. friend was able to gather from the press, the Central Mortgage and Housing Corporation received an order in council from the province of Quebec, and the federal government likewise passed an order in council of its own. We are now drawing up the agreements to be forwarded to the province of Quebec and to the city of Montreal.

(Text):

Mr. Small: There was an item last year for $700,000 to cover plans and demolition for the post office on Adelaide street, Toronto, Ontario, and there is an item this year of $500,000 covering the same matter. Can we be given any information as to when it is intended to tear down the old building and commence the new?

Mr. Bourget: I have not that information here, but I am told that the contract for the demolition has been let and we hope to call for tenders for steel for the new building during the present fiscal year.

Mr. Small: The new building will take in the area from Adelaide to Lombard to Victoria streets?

Mr. Bourget: Yes.

Mrs. Fairclough: How much of the $700,000 was used last year?

Mr. Bourget: That item was carried and unfortunately the officials have left with the information.

Item agreed to.

Resolutions reported and concurred in.

WAYS AND MEANS

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Harris moved:

That towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31st, 1957, the sums of $1,846,970,570.64 and $85,181,549.25, respectively, be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 453, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

BUSINESS OF THE HOUSE

SITTING SUSPENDED

Mr. Speaker: This bill will have to go to the Senate in order to be considered there and perhaps we could suspend the sitting and the bells could ring to call hon. members back.

Mr. Harris: Mr. Speaker, I think we should allow sufficient time for the other place to consider the bill. I would suggest that the sitting be suspended and we be called back by the bells at a quarter to six o'clock.

Some hon. Members: Agreed.

At 4.40 p.m. the sitting was suspended.

The Royal Assent

SITTING RESUMED

The sitting resumed at 5.45 p.m.

PROROGATION OF PARLIAMENT

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

Chief Justice's Chambers,
Supreme Court,
Ottawa, August 14, 1956

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 14th August, at 6.30 p.m., for the purpose of proroguing the third session of the twenty-second parliament.

I have the honour to be,
sir,
Your obedient servant,
W. Kenneth Campbell,
Private secretary to the
Chief Justice of Canada.

Therefore I suggest that we suspend the sitting until 6.30 p.m.

Some hon. Members: Agreed.

At 5.50 p.m. the sitting was suspended.

SITTING RESUMED

The sitting resumed at 6.30 p.m.

THE ROYAL ASSENT

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

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

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

In the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to amend the Northwest Territories Power Commission Act.

An act to amend the St. Lawrence Seaway Authority Act.

An act to amend the Royal Canadian Mounted Police Act.

An act to amend the Canada Shipping Act.

An act respecting Personal Finance Company of Canada.

An act to amend the Post Office Act.

An act to amend the Supreme Court Act and the Criminal Code.

An act to amend the Navigable Waters Protection Act.

An act to amend the Customs Tariff.

An act to amend the Telegraphs Act.

An act to amend the Small Loans Act.

An act to amend the Unemployment Insurance Act.

An act to amend the Excise Tax Act.

An act to promote equal pay for female employees.

An act to incorporate Signature Loan and Finance Company.

An act to amend the Income Tax Act.

An act to amend the Public Service Superannuation Act.

An act to amend the Indian Act.

An act to amend the Canada-United States of America Tax Convention Act, 1943.

An act to implement an agreement between Canada and the Federal Republic of Germany for the avoidance of double taxation with respect to income tax.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In Her Majesty's name, the Honourable the Deputy Governor General doth assent to these bills.

Then the Speaker of the House of Commons addressed the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Deputy Governor General, did thereupon say:

In Her Majesty's name, the Honourable the Deputy Governor General thanks her loyal subjects, accepts their benevolence, and assents to this bill.

PROROGATION OF PARLIAMENT

After which the Deputy Governor General was pleased to close the third session of the twenty-second parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

During the present session a conference of commonwealth prime ministers was held in London where, amongst other things, a most useful exchange of views on the international situation took place in that atmosphere of friendly co-operation which characterizes these meetings.

Since parliament opened in January the relaxation of tension between the Soviet union and the west has continued, though nothing has happened which gives us reason to believe that the fundamental policies of the Soviet union have been changed.

There has, unfortunately, been a deterioration in the position in the Middle East where the action of the government of Egypt in suddenly taking control of the Suez canal has introduced a new element of discord and danger into that troubled part of the world.

My ministers remain firm in their desire to do everything possible through the United Nations and the North Atlantic Treaty Organization to

strengthen the forces of peace and to participate fully in all efforts which are being made to solve the international problems which so unhappily divide the world.

This year is again one of continuing growth and development of the Canadian economy. Business conditions are good and employment is at a high level. Our international trade also is attaining record levels. The abnormal stocks of grain resulting from several bumper harvests have been reduced by heavy sales abroad. The confidence Canadians have in our economic strength is reflected in the high volume of capital expenditures for this year which show a substantial increase even over those of last year. Indeed, we are blessed with prosperous conditions in nearly all sectors of the national economy.

To alleviate financial difficulties some grain producers were experiencing because of a shortage of elevator storage space you authorized the government to guarantee bank loans secured by farm-stored grain. You also authorized the treasury to bear the cost from August 1, 1955 of storage and interest charges on wheat held by the Canadian wheat board over and above the normal carryover levels.

Legislation has been enacted which authorizes the government to make tax equalization payments and provincial revenue stabilization payments to provincial governments as well as tax rental payments to those provinces which may enter into agreements with the federal government as an alternative to levying certain direct taxes on their own behalf. These measures were discussed at meetings between federal and provincial representatives this year and last and my ministers feel these new arrangements constitute a comprehensive and realistic improvement in the fiscal relations between the federal and provincial governments.

The government has also announced that, once a majority of the provincial governments, representing a majority of the Canadian people, are ready to proceed, it would be prepared to recommend legislation to provide for the payment to the provinces concerned of a substantial share of the cost of a hospital care insurance program.

You have approved legislation authorizing the government to enter into agreements with the provincial governments for sharing the costs of assistance to unemployed persons in need who are not eligible for unemployment insurance benefits. Agreements have been signed with six provincial governments.

As a result of legislation enacted at this session, construction has commenced on an all-Canadian natural gas pipe line to bring Alberta gas to eastern consuming markets.

You have passed a measure amending the Trans-Canada Highway Act to authorize increased federal participation in the construction of the trans-Canada highway, with a view to accelerating the completion of this important national link.

The National Housing Act has been amended to enable the government more effectively to encourage and assist the redevelopment of older sections of our cities. This act has also been amended to increase further the amounts of loans available for home improvements.

A joint committee of both houses made an extended investigation of the progress and programs of the federal district commission. The committee's study will be most useful in providing guidance for the future development of our national capital.

You have made it possible to enlarge the services available to our farming population through the Canadian farm loan board, and the Farm Improvement Loans Act.

You have extended the scope of the industrial development bank in order to promote still further the growth of smaller industries throughout the country.

You enacted a measure authorizing the Canadian National Railways to construct a branch line from Bartibog to Tomogonops river in the province of New Brunswick.

An act has been passed providing that women receive equal pay with men for equal work in industries which are under federal jurisdiction.

Amendments have been made to the Unemployment Insurance Act, among which is one that will permit the extension of that legislation to cover most of those engaged in the fishing industry.

Amendments have also been made to the Canada Shipping Act, the Navigable Waters Protection Act, the Indian Act, the Canadian Citizenship Act, the Emergency Gold Mining Assistance Act, the Post Office Act, the Small Loans Act, the Telegraphs Act, the Judges Act, the Supreme Court Act and the Criminal Code, the Northwest Territories Power Commission Act, the Foreign Insurance Companies Act, the Canadian and British Insurance Companies Act, the Public Service Superannuation Act, the Defence Services Pension Act, the National Defence Act, the Royal Canadian Mounted Police Act, the National Parks Act, the Veterans Business and Professional Loans Act, the Canada Lands Surveys Act and the St. Lawrence Seaway Authority Act.

Members of the House of Commons:

I thank you for the supplies you have voted for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

I pray that Divine Providence may continue to bless, protect and guide our nation.

This concluded the third session of the twenty-second parliament.

Question

ANSWER TO QUESTION

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

MAIL CONTRACT, CAPE BRETON ISLAND

Question No. 575— **Mr. Nowlan:**

1. When was the last contract awarded for the carrying of mail from North Ingonish to Little Bras d'Or, Cape Breton island?
2. To whom was the contract awarded and what is the amount thereof?
3. Were tenders called for the said contract?
4. If so, what were the names of the tenderers, and the amount of each tender?

Answer by: **Hon. Hugues Lapointe (Postmaster General):**

1. Contract authorized 16th May, 1956, to become effective 1st July, 1956.

2. Duncan Daniel MacKenzie, $6,600.00 per annum.

3. Yes.

4. Duncan Daniel MacKenzie, Bras d'Or, $6,600; Malcolm Angus Smith, Bras d'Or, $6,960; John McNeil, Bras d'Or, $7,000; Donnie Buchanan MacDonald, Cape North Victoria, $7,700; Norman Gordon Morrison, Big Bras d'Or, $7,890; Dan John MacDonald, South Harbour, Victoria, $8,000; Horace Rindress MacKenzie, R.R. No. 1, Bras d'Or, $8,324; Robert Rogers Robinson, Big Bras d'Or, $8,600; John Montgomery, Jersey Cove, $8,800; William Alexander MacKenzie, R.R. No. 1, Bras d'Or, $10,000; Canadian National Transportation Ltd., $10,045; Everett Alexander Crowdis, R.R. No. 1, Bras d'Or, $10,200; James Randolph Brown, P.O. Box 338, Sydney Mines, $10,955.

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

DEPARTMENT OF NATIONAL REVENUE

Canadian Broadcasting Corporation—

54. To provide for the requirements of the sound broadcasting service (to amount formerly authorized by chap. 32, R.S.), $6,250,000.

International shortwave broadcasting service—

55. Maintenance and operation including authority to credit to the appropriation revenue from the rental of facilities in Radio-Canada building and at Sackville, N.B., to an amount of $315,000 and to re-expend these moneys for the purposes of the international service, $1,688,925.

56. Construction or acquisition of buildings, works, land and equipment, including supervision, $228,900.

605. Grant towards the anticipated deficit arising in 1956-57 from the operation of the television service, $12,000,000.

International shortwave broadcasting service—

606. Maintenance and operation—further amount required, $42,000.

607. Construction or acquisition of buildings, works, land and equipment, including supervision—further amount required, $54,151.

DEPARTMENT OF FINANCE

53. Salaries and expenses of office, $682,450.

117. Comptroller of the treasury—Central office and branch offices administration, $15,270,774.

Administration of various acts and costs of special functions—

118. Superannuation and retirement acts, administration, $516,463.

119. The Bank Act—Salaries and expenses of the inspector general of banks' office, $31,980.

120. Administration of the Farm Improvement Loans Act, the Veterans' Business and Professional Loans Act, the Fisheries Improvement Loans Act, and the prairie grain producers' interim financing program, $90,083.

Tariff board—

121. Administration, $91,015.

Expenses of the Royal Canadian Mint—

122. Administration, operation and maintenance, $931,321.

123. Construction or acquisition of equipment, $181,710.

124. Grants to municipalities in lieu of taxes on federal property—To provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations established by order in council of October 28, 1954, P.C. 1954-1621, and to provide for payments to municipalities under order in council of October 6, 1954, P.C. 1954-1497, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein, $7,065,500.

Contingencies and miscellaneous—

125. To provide, subject to the approval of the treasury board, for miscellaneous minor and unforeseen expenses including authority to re-use any sums repaid to this appropriation from other appropriations, and special compensation or other rewards for inventions or practical suggestions for improvements, $1,500,000.

126. Cost of telephone service at Ottawa for all departments, $1,121,000.

127. Amount required to cover losses incurred on foreign exchange tendered in payment of accounts receivable, $500.

Special—

128. To provide for the expenses of the royal commission on Canada's economic prospects, $225,500.

129. To provide for the expenses of the royal commission on television and radio broadcasting, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $150,000.

General items of payroll costs including superannuation payments—

130. To provide, subject to the approval of the treasury board, for supplementing other votes for the payment of salaries, wages and other paylist charges, $750,000.

131. To provide for the government's contribution, as an employer, to the unemployment insurance fund in respect of government employees paid through the central pay office, $1,080,000.

Grants to universities—

132. To provide grants to institutions of higher learning recognized in each province by the government of Canada and the government of the province as being universities or institutions of equivalent standing equal to an amount, for each province, not exceeding 50 cents per head of its population as certified by the dominion bureau of statistics divided among the recognized institutions of the province proportionately to their enrolment of full time intramural students in personal attendance at the recognized institution or at an institution in the same province affiliated with it who are registered in courses of university level recognized as leading to and counting year for year toward a university degree awarded by a university in Canada and the Minister of Finance may for this purpose more particularly define the terms "university level" and "university degree", $7,986,000.

Miscellaneous grants—

133. Canadian association of consumers, $10,000.

134. Institute of public administration of Canada, $6,000.

165. Departmental administration, $547,660.

Loans, investments and advances—

Finance—

731. To authorize the purchase of 3,600 shares of stock of the International Finance Corporation being Canada's subscription as a member thereof for the amount of $3,600,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of May, 1956 (revote), $3,564,000.

Payments to municipalities—

620. Grants to municipalities in lieu of taxes on federal property—to provide for payments to municipalities in accordance with the Municipal Grants Act, and the royal municipal grants regulations established by order in council of January 11, 1956, P.C. 1956-38, and to provide for payments to municipalities under order in council of October 6, 1954, P.C. 1954-1497, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required, including authority, notwithstanding section 7 of chapter 49 of the statutes of 1955 (an act to amend the Municipal Grants Act), for payment of grants under section 5 of the Municipal Grants Act to the municipality of Ste. Foy, in the province of Quebec, $500,000.

Special—

621. To provide for the expenses of the royal commission on Canada's economic prospects—further amount required, $560,000.

622. To provide for the expenses of the royal commission on television and radio broadcasting—further amount required, $170,920.

623. To provide for contributions to the government of the province of Saskatchewan and Manitoba for assistance in meeting costs resulting from floods in the spring of 1955, $120,000.

624. To authorize the treasury board to make regulations respecting the counting as pensionable service, for the purposes of the Public Service Superannuation Act, of any period, not otherwise countable as such, during which a person, before becoming a contributor under the said act, performed on a full-time basis duties of a kind specified in the regulations for the benefit of the crown in right of Canada, and providing, except in the case of a person who has ceased to be employed in the public service (for which case the regulations may otherwise provide), that the Public Service Superannuation Act shall apply as though such period were a period of service in a portion of the public service of Canada that was added to schedule A of that act on a day specified in the regulations, $1.

General items of payroll costs—

625. To provide, subject to the approval of the treasury board, for supplementing other votes for the payment of salaries, wages and other paylist charges—further amount required, $30,000,000.

Miscellaneous grants—

626. To provide for a grant to the national council of women of Canada to assist in defraying the expenses of the triennial conference of the international council of women to be held in Montreal in June, 1957, $5,000.

DEPARTMENT OF PUBLIC WORKS

674. Furniture and furnishings for government departments—further amount required, $150,000.

Property and building management branch—

675. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, heating, etc.—further amount required, $670,660.

Building construction branch—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

676. Newfoundland, $1.

677. Nova Scotia, $150,000.

678. New Brunswick, $130,000.

679. Quebec, $250,000.

680. Ottawa, $265,000.

681. Ontario (other than Ottawa), $250,000.

682. Manitoba, $850,000.

683. Saskatchewan, $1.

684. Alberta, $1.

685. British Columbia, $750,000.

686. Yukon and Northwest Territories, $130,000.

Harbours and rivers engineering branch—

687. Branch administration, including district engineers, staffs and related expenses—further amount required, $60,000.

Dredging—

688. Construction or acquisition of plant and equipment—further amount required, $25,000.

Roads and bridges—

689. Maintenance and operation—further amount required, $66,000.

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

690. Newfoundland, $481,000.

Supply—Items Passed

691. Nova Scotia, $254,500.

692. Prince Edward Island, $241,000.

693. New Brunswick, $15,000.

694. Quebec, $908,500.

695. Ontario, $340,000.

696. Manitoba and Saskatchewan, $50,000.

697. Alberta and Northwest Territories, $145,000.

698. British Columbia and Yukon, $179,000.

Development engineering branch—

699. Construction of spans of bridge over the interprovincial channel of the Ottawa river between Pembroke, Ontario, and Allumette island, Quebec, —further amount required, $140,000.

General—

700. To provide for the restoration of the special account in the consolidated revenue fund established by section 36 of the National Housing Act, 1954, by the amount paid out of the special account during the fiscal year 1955-56 in respect of:

(a) Losses sustained as a result of the operation of federal-provincial rental projects—federal share, $34,097.

(b) Preliminary expenses incurred under enabling agreements with provincial governments, $128, $34,225.

Loans, investments and advances—

Central Mortgage and Housing Corporation—

735. To provide for the restoration of the special account in the consolidated revenue fund established by section 36 of the National Housing Act, 1954, by the amount paid out of the special account in respect of housing and land development projects undertaken jointly with the governments of the provinces during the fiscal year 1955-56, $3,500,000.

END OF SESSION

cf. 11